

FINAL MTERF FOR 2014/15-16/17



MATATIELE

LOCAL MUNICIPALITY

ANNUAL BUDGET OF
MATATIELELOCAL
MUNICIPALITY

2014/15 TO 2016/17
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading
ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
CM	Municipality Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DORA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EEDSM	Energy Efficiency Demand Side Management
EM	Executive Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GDS	Gauteng Growth and Development Strategy
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
HSRC	Human Science Research Council
IDP	Integrated Development Strategy
IT	Information Technology
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt
ℓ	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act Programme
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PHC	Provincial Health Care
PMS	Performance Management System
PPE	Property Plant and Equipment

PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System
RG	Restructuring Grant
RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

Part 1 – Annual Budget

1.1 Mayor's Report

SOMLOMO WEBHUNGA OBEKEKILEYO, CLLR JACKIE BOSMAN - MAGANGANA

CHIEF WHIP, CLLR POLELO MOHALE

MEMBERS OF THE EXECUTIVE COMMITTEE

AMALUNGU EBHUNGA EWONKE

INKOKHELI ZOMTHONYAMA NEZAKWALIZWI

MUNICIPAL MANAGER DR. TSEPANG NAKIN AND MANAGEMENT

AMAGOSA KARHULUMENTE EWONKE

AB AHLALI BASE MATATIELE

OONONDABA BETHU (PRINT & ELECTRONIC)

ABAPHULAPHULI BE ALFRED NZO COMMUNITY RADIO

FRIENDS AND COMRADES

Masibambe ngazo zozibini kuqala kwabo basiphulaphule kunomathotholo wesikhululo seAlfred Nzo, kwindawo ngendawo nakumakhaya eniphulaphule nikuwo. Lixesha eli Somlomo lokuba nathi singuloMasipala sizeke mzekweni silandela uMongameli, iNkulumbuso yePhondo kunye nosoDolophu woMasipala ombaxa Alfred Nzo xa bebesenza iintetho zobume. Lixesha eli lokuba sinike ingxelo yemisebenzi eyenziwe nguRhulumente kwindawo yaseMatatiele sijonge ukuba Sisonke siqhubeka njani ukuya phambili.

SOMLOMO OHLONIPHEKILEYO

Chief Albert Luthuli once said “a man really has only one speech to make. He may cover it in different words, but in essence it is the same speech. Those of us who are in the freedom struggle in this country have really only one gospel. We may possibly shade it in different ways, but it is a gospel of democracy and freedom.”

The outgoing cabinet agreed on a set of twelve outcomes (or priorities) to provide a strategic focus for government, building on the five priorities in the ruling party's election manifesto namely: improving education, improving health care, fighting crime and corruption, creating jobs and rural development and land reform . I would like to give a highlight of each priority since it has been our focus in the past 5 years.

HONOURABLE COUNCILLORS AND TRADITIONAL LEADERS

Let me firstly thank thousands of the people of Matatiele who practiced their right and voted in the fifth democratic elections that we've just had. The day went relatively smoothly, and there were no forms of violence reported. One can affirm to the world – democracy is alive, well and prosperous in SA. We appreciate the tolerance, dignity and patience with which voters conducted themselves as they waited to cast their vote.

It is further noted that if one compares the number of registered population against those who voted it is not a good picture, I therefore call upon all the people of Matatiele to exercise their hard fought right to vote in the upcoming 2016 local government elections and in 2019 National and Provincial elections.

SOMLOMO

Njengoko sazibophelela kunyaka ophelileyo ka 2013 okokuba siza kuqhubeka sisebenzisana neSebe leZemfundo kwinginqi yaseMaluti. Siyazibona iziqhamo zalentsebenziswano kuba kulonyaka uphelileyo kwibanga leShumi sibe kwindawo yesiThathu ePhondweni ngento engaphaya ko70%. uRhulumente wabeka umgomo wokuba izikolo zodaka zipheliswe ukuze kuphucuke izinga lemfundo.

URhulumente eMatatiele wokhe izikolo ezilishumi elinesixhenxhe (17) zexeshana (prefabricated classrooms) kwindawo ebezifudula zifundela phantsi kwemithi nakumagumbi angekho mgangathweni, ezi zikolo zinamagumbi angamashumi amahlanu anesibini (52) zokhiwe kwindawo ezifana nase Polokong JSS, Queens Mercy JSS nezinye.

URhulumente we ANC uthe wakha izikolo eziyi 16 zesitena apha eMatatiele ezinamagumbi angamaShumi aliThoba aneSihlanu (95). Phakathi kwezo zikolo singabalula iMvenyane SSS ethe yaxabisa iR46 yezigidi zeerandi, equka ilaboratory, workshops kwakunye ne computer room enobuxhakaxhaka belixesha. Nesikolo saseMpofini JSS esikumgangatho ophezulu ulwakhiwo lwaso lugqityiwe.

Luyaqhubeka ulwakhiwo lwesikolo esikwizinga eliphezulu iBokamoso Senior Primary School esixabisa iR19 million. Luqalile ulwakhiwo lwesikolo esixabisa iR200 million eCedarville esijongene nabantwana abakhubazekileyo.

Ngokunjalo sikhuphe ibursary eZine (4) kubantwana abasuka kumakhaya angathathi ntweni abazowenza izifundo zobuNjiniyeli, Ezolimo kunye nabeAccounting. Ngelixa icandelo lethu

lakwa Special Programmes Unit lithe lancedisa ukufunela abantwana abangathathi ntweni izikolo kwidyunivesithi zethu, baze babhatalela abantwana abangaphaya kwamaShumi amaNe (40).

Kusenjalo amawaka abantwana bafumana ukutya ntsuku zonke kwizikolo zethu fele-fele behlawulelwa ntsuku zonke ngurhulumente wabantu. As the Municipality we support 8 Early Childhood Development Centres (ECDCs) and we will continue supporting other Centres in the upcoming financial year.

Indeed we have a good story to tell as this government.

HONOURABLE MEMBERS,

IMPROVING HEALTH CARE

The major R302-million Khotsong TB Hospital infrastructure project is underway and running smoothly. The project involves demolition of some of the existing structures to make way for the new facility and part of the project includes converting the pediatric wards to administration offices. The new facility is made up of a 120-bed hospital with general TB and multiple drug resistant (MDR) TB wards. The two phases are expected to create 350 jobs.

As government working together with our state owned entities we must make sure that this project is a catalyst for socio-economic development in our area, thus benefiting the communities through: access to health care, the creation of job opportunities, ensuring training and development take place as well together with the SMME support and development that comes through our infrastructure development programmes.

The Department of Health will build Nyaniso Clinic and has renovated the following clinics so that they provide quality healthcare services: Afsondering, Mt Hargreeves ,Mparane, Madlangala, Thabachicha, Queens Mercy ,Mthumase and Mzongwana.

Our people were complaining that our local Hospital, Tayler Bequest do not have X-Ray machines, however their cry was respondent to by this government.

BAHLALI BASE MATATIELE ABAZIMASE LENTLANGANISO NAMHLANJE NABO ABASIPHULAPHULE KWI ALFRED NZO COMMUNITY RADIO,

ISebe Lezempilo eMpuma Koloni lizama ngandlela zonke ukusabela kwingxaki yokushokoxeka koggirha kulenginqi yethu apho sibone Isebe lisibonelela ngokuqashwa kooQgirha abaThathu eTayler Bequest kulonyaka ka 2014. There are also additional Clinicians, Pharmacist, Occupational Therapists and Physiotherapists. Kulindeleke into yokokuba uGqirha wamazinyo a qale engekapheli uJune lo esiya kuye.

Taylor Bequest Hospital was one of the Institutions that were assessed by National Department of Health for "Baby Friendly Initiative" (Breastfeeding) and the hospital has passed and awaiting certificate from the Health Minister. This Initiative will decrease Malnutrition in Matatiele ensuring that children are healthy. Therefore the institution is a "Baby Friendly Hospital".

HONOURABLE SPEAKER,

In response to shortage of Doctors in our Area, the Department of Health has initiated a programme to identify the poorest of the poor students, who intend on progressing to study medicine after completion of their matric and are unable to pay for their tuition. Five pupils have left for Cuba coming from Matatiele.

This shows that Matatiele is a better place than it was before 1994.

COMPATRIOTS,

ON FIGHTING CRIME AND CORRUPTION

South African Police Services continues to play a critical role in fighting crime in our Area. Nevertheless, we are still faced with a challenge of stock theft with 586 reported cases, 635 cases for assault with the intent to inflict grievous bodily harm, burglary at residential areas at 399 reported cases to mention but a few. This picture shows that we have to work together going forward to address these challenges. We have to reform our Community Safety Forums and make sure that they are well capacitated.

It is a well-known fact that a country where corruption reigns will fail in its endeavours to create just and prosperous dispensation for its people. Corruption is not only bad for a government and reputation of the country but it is also harmful to the growth of the economy, job creation and the country's overall development.

Government is committed to a clean, accountable public service as government officials involved in corruption are dealt with irrespective of status or rank. We need to fight the culture of corruption. Let us promote the culture thinking hard, working hard, and of finding innovative ways of making money.

We call on all sectors in Matatiele Local Municipality to not turn a blind eye to corruption, or in any way encourage it to take place because if we do so, we are ultimately doing our Municipality a disservice and threatening the future we want to build for our children.

CREATING JOBS

National statistics shows that unemployment rate is still high. Matatiele Local Municipality Area also faces the same challenge; conversely, the Municipality has worked towards creating job opportunities for Matatiele community through Nkhoesa Mofokeng Programme and EPWP.

These Programmes are aimed at maintaining municipal access roads and has benefited more than Six Thousand (6000) people around Matatiele.

In addition to this number, the Municipality has created the following number of jobs:

Job Creation	Beneficiaries
Food for Waste	290
Youth Environmental Services (Wild lands)	30
Park Establishment Matatiele Town (To be completed by end September	50
Youth in waste jobs	9
Nature Reserve Gateway office	100
EPWP ANDM	50

Ukuzama ukulwa nentswela ngqesho kubantu abatsha, sathi satyikitya isivumelwano nenye ye arhente ebizwa ngokuba yi Local Government Sector Education Training Authority (LGSETA) kunye neSebe leMfundo ePhakemeyo apho ithe yabeka abantwana abaliShumi elineSibini (12) kuloMasipala wethu ukuze bafumane ulwazi oludingekayo xa beyofuna imisebenzi esisigxina.

Through our major infrastructure projects, a number of jobs were created for Matatiele community, these projects include the construction of the new state of the art Correctional Services Centre in Matatiele.

ON RURAL DEVELOPMENT AND LAND REFORM

SinguRhulumente siqhubela phambili nephulo lokuphucula amakhaya, ulimo nemfuyo kwilali zethu, lento ke iqinisekisa ukuba uqoqosho lwethu luyaphucuka kwindawo esihlala kuzo nokulwa nendlala kunye nentlupheko.

The Municipality has entered into a partnership with local grain farmers, Old Mutual Masisizane Development Fund, Grain Emerging Development Farmers Association and Omnia. This partnership will support all grain farmers focusing on grain production and Agro-Processing. The Municipality will provide land and private sector to provide funding. Government is also assisting local farmers in rural development on grain production by giving them a loan.

Zimbabwean President His Excellency Robert Mugabe on the issue of land he once said and I quote "Having restored land to the people, we have learnt a host of lessons, all pointing to the challenge of ensuring food security for the people."

Isebe likaMasipala lwakwaEconomic Development kuleminyaka idlulileyo lisebenzisa namanye amaSebe kaRhulumente liphucule ubomi babahlali baseMatatiele oluhlobo:

WARD NO.	PROGRAMME/PROJECT	STATUS OF THE PROJECT
19, 26	Review of Land Use Management System	2013 Land Use Management System adopted by Council and functional
19, 26	Land Use Management System By-Law	Land Use Management System By law Gazetted
19,26	Functional Land Use Management System	Land Use Register is functional
19, 26	Bed and Breakfast and Tent Policy	Completed
19,26	Municipal Land Management Plan	Completed
All	GIS and Training	Completed
All	Matatiele Land Audit	Project Completed

02	Khuthalani Sinosizo Poultry Project	Completed
19	Matatiele Tourism (Tourism Marketing Material)	Completed
19	Music Festival	Completed
26	Matat Training Centre	Ongoing
19	Informal Trading Taxi Rank Facility (First Phase)	Completed
19	Mokhosi Milling	Completed
26	Cedarville Emerging Farmers	Ongoing
All wards	Tourism Marketing Material	Completed
19	Feasibility Study for the Municipal Entity	Completed
26	Construction of Training Centre	Ongoing
19	Matat Fees	Completed
20	Matatiele Music Festival	Completed
19	Construction of LED Offices	Under Construction

All	Develop 26 LED Ward Based	6 LED Ward plans done.
All	NHBRC to train local building contractors	local contractors were workshopped and trained

Matatiele Local Municipality economy has transformed over the past two decades. Despite the significant problems we continue to face, Matatiele Local Municipality is today a wealthier society, with greater economic opportunity and reduced levels of poverty.

HONOURABLE COUNCILLORS

Kanti sisebenzisana neSebe loKuhlaliswa koLuntu (Human Settlements) sikwiphulo lokwakha izakhiwo zoluntu ezisemgangathweni, eli Sebe lokha iThusong Service Centres sebakeng sa Thabachicha ukanti kuzokwakhiwa izindlu ezingaphaya kweThree Thousand Three Hundred (3300) kwindawo zalapha eMatatiele. Ezi zindlu ziza kokhiwa kwezindawo nakwezinye: 1,500 units eMaritseng kwa Ward 2, 500 Thabachicha kwa Ward 14, kunye ne 500 eMvenyane kwa ward 21, Maluti 200, Mafube 300. Izindlu ezingu Eight hundred sithetha nje ziyokhiwa Kwa-Masakala nase Queensmercy. Ukulungiswa kwezindlu Cedarville, Matatiele naseHarry Gwala kuzakuqhubeka.

BA-AHI BA HLOMPHEHILENG BA MATATIELE

Masepala wa le hae wa Matatiele, ho tloha selemong sa 2011 ha khansele ena e ne e kena tshebetsong, re fihlelletse ho atleha diprojekeng tsena tse latelang:

Project	Status
Electrify 400 houses in Harry Gwala Park extension	Completed
Electrify 183 houses in Harry Gwala Park extension	Completed
Electrification of Ramafole village	In progress
Felleng Access Road	Completed
Diaho Great Place Access Road	Completed

SOMLOMO

The Community Services through its Public Safety Unit has successfully managed to purchase Rescue Equipment. The Unit has also managed to license eight hundred and ninety six (896) vehicles from October to December 2013. Matatiele Local Municipality bought four (4) brand new traffic vehicles to try reduce the number of people who do not obey traffic rules.

Isebe lakwa DSRAC lisebenza nomasipala sele lakhe amathala encwadi (libraries) ntoleyo ebingasokuze yenzeke kurhulumente wengcinezelo, njenge thala lase Maluti. I- Mvenyane library will soon be constructed.

Capital Project	Status
Re-surfacing of testing grounds	Complete
Upgrade of test station	In progress
Shelters erected at animal pound	complete
Vehicle shelters/carports	complete
Fencing at public safety offices	Complete
New traffic vehicles	Complete
Traffic signals (Robots)	Complete
Harry Gwala Donga Rehabilitation (Dea Funding) (R4 Million) 50 employees	Complete
Tree Planting (arbours) Matatiele Town (Residential) 300 Trees	Complete
Fencing of Maluti & Cedarville Cemetery	Complete
Fencing of Open Grounds Matatiele	Complete
Grading of Sgoga Sport Field	Complete
Renovation of Town Hall	Complete
Renovation of Zibi Meyu, Mateleng, Masakala Community Hall	Complete
Reconstruction & Completion of Civic Centre & Maluti Library	Complete

MEMBERS OF THE MEDIA

The total backlog of electricity around Matatiele amounts to more than R1,2 Billion. We are working tirelessly to address this backlog, as we speak we are in negotiations with the Department of Energy and ESKOM that on the budget adjustment to be tabled in September by Department of Energy, as Matatiele we request R74 Million for intervention projects. This amount if approved will only be available in January 2015.

The former MEC of Local Government and Traditional Affairs Honourable Mlibo Qoboshiyane has been in negotiations with the National Treasury to address the challenge of Alfred Nzo District backlog on electricity, as such the District would need more than R3 Billion from the

National Treasury. I urge the people of Matatiele to be patient with us because these are requests so we shall await their feedback if our demands will be met. We will inform our communities on any developments around this issue.

HONOURABLE EXCO MEMBERS

Kwinkonzo yamanzi ntoleyo esiyaziyo ukuba yenye yemfuno zabantu bethu ephambili, uMasipala oMbaxa wesithili iAlfred Nzo uqhubela phambili ukufakela amanzi, ukanti siqhubela phambili ukumilisela ezinye inkqubo ezizakuqinisekisa ukuba uluntu lwethu lonke lufumana amanzi acocekileyo maxesha onke.

Masixolise kubahlali abathe bachaphazeleka kuphazamiseko lwenkonzo yamanzi kwindawo ezohlukeneyo zase Matatiele. Sithe sathumela itruck ezihambisa amanzi saze safaka namatanki khonukuze nifumane amanzi ngelixa silungisa lengxaki.

Siyazi ukuba ingxaki yamanzi iqatsele kwindawo yethu, kodwa siyaxoxa neSebe lezaManzi ukulungisa lemeko kwaye kuleminyaka mihlanu izayo siqhubela phambili singuRulumente ukusa inkonzo yamanzi ebantwini.

Umama uDiko uthe “kwindawo ezingakafakelwa amanzi masiqinisekise ukuba senza zonke inzame zokuba kufikelele amanzi kuluntu lonke lwaseMatatiele.”

Njengalapha eMatatiele kuzakufakelwa amanzi kweziWard 5, 7, 15, 16, 17, 18, 22.

BAHLALI

ISebe loMzantsi Afrika elijongene nokhuseleko lezentlalakahle (SASSA) linikezele ngeenkonzo zokutya kumakhaya angathathi ntweni kuba singuRhulumente okhathalayo. Kunikezelwe ukutya okungaphaya kwe One Million Three Hundred and Ten Thousand Eight Hundred and Twelve rands Ninety Three (1 310 812. 93) kumakhaya angaphaya kweOne Thousand One Hundred and Four.

On Social Grants we have spent more than Six Hundred Million to deserving families to fight poverty and this has benefitted more than Six Hundred and Sixty Thousand beneficiaries.

Isebe lezeNdlela neMisebenzi yoLuntu (Roads and Public Works) liyazi ukuba indlela zethu zikwisimo esibi kwaye iingxoxo kunye neSebe ziyaqhubeka. Nathi singuMasipala sisebenzisa oGanda-ganda bethu ukulungisa ezindlela kwaye sizozhubeka sisenza njalo. Sele silungise iindlela kwezi Wards zilandelayo: 5, 6, 7, 20, 26, 22 and 14.

Sele inkampani ezizawulungisa ezindlela zilandelayo zikhethiwe, kumele kungekudala ziqale ulwakhiwo: DR08015, DR08245, DR08646, DR08069, DR08015, DR18017, DR08013, DR08503

Isebe leZothutho lithe lakha I depot zakwa AB350 apha eMatatiele nelithe lavelisa amathuba omsebenzi angamashumi amane anesihlanu (45) kuluntu lwalapha.

BAHLALI

iSebe lakwa Social Development and Special Programmes eMatatiele liqhubela phambili ukuncedisa iprojects eziyi 75 ngemali engaphaya kwe R12 million, eziprojects zinedisa ukugxotha indlala, zinedise ukuqinisa uphuhliso noqoqosho.

FELLOW COUNCILLORS

I would like to agree with the former UN General Secretary Dr Kofi Annan when he was saying “People of different religions and cultures live side by side in almost every part of the world, and most of us have overlapping identities which unite us with very different groups. We can love what we are, without hating what – and who – we are not. We can thrive in our own tradition, even as we learn from others, and come to respect their teachings,” in this sense, as the Municipality we continue to engage with all our stakeholders including Traditional Leaders, Council of Churches and youth formations in order to find ways of developing our Municipality as we continue working together.

The President of the Country Honourable Jacob Zuma has recently established a new Ministry of Communications, which will be responsible for overarching communication policy and strategy, information dissemination and publicity as well as the branding of the country abroad.

He said “Improved communication and marketing will promote an informed citizenry and also assist the country to promote investments, economic growth and job creation.” I therefore recommend that we strengthen our Communications Unit and we all become government communicators especially as we approach 2016 local government elections so that our people are well informed of our successes.

COMPATRIOTS,

Let us join hands and congratulate three Councillors from this Council who are now deployed to the National Assembly, Cllr Lulama Ntshayisa and Cllr Mahlubanzima Jafta representing AIC. The African National Congress has elected Cllr. Zama Munyu as the member of the NCOP. We believe that they will continue with good working relations that we have with them. We wish them all the best.

Allow me to also congratulate our Miss Matatiele Ms Nicole Potwana who has been nominated as a finalist for Miss SA Teen. Let us all vote for her by SMS-ing “Nicole Potwana” to 42899.

I would like to urge our communities to be patient with this government and acknowledge that they have a right to protest but not to vandalise the existing government infrastructure because that is taking government backwards. I advocate everyone to work together with the Municipality and government to move Matatiele forward.

The former President of the country Honourable Thabo Mbeki in his resignation he said, “I would like to say that gloom and despondency have never defeated adversity. Trying times need courage and resilience. Our strength as a people is not tested during the best of times. As we said before, we should never become despondent because the weather is bad nor should we turn triumphalist because the sun shines.” Ndithi sonke masiqhubele phambili sisebenzisana ukwenza iMatatiele engcono, singavumeli nanye into ime phambi kwethu, kumele sitsho ngazwi linye okokuba Sisonke siqhubela uMzantsi Afrika phambili.

BUDGET

Madam Speaker, Fellow Executive and Honourable councillors, allow me to table to you our 2014/2015 budget as follows:

Tariff charges will increase by 5% for all other services except the following:

- Electricity charges will increase above 5% by 7.39%, this is because of the control by National Electricity Regulator of South Africa (NERSA) who controls such increases.
- Property rates Randages will be decreased as follows:
 - Residential properties from 0.0150 to 0.00827 i.e 45% reduction
 - Commercial properties from 0.0180 to 0.0099 i.e 45% reduction
 - Farm properties from 0.0037 to 0.0020 i.e 45% reduction
- For other categories of properties like vacant land, mining land there will be no changes to what was charged in the budget year of 2013/2014.

Further to these reductions madam speaker, the following exemptions and rebates will be provided to our rate payers as a relieve,

- First R55 000 of the valuation roll value will not be charged rates to all residential properties,
- Further 35% discount on values of residential properties will be provided and 15% discount on values of all commercial and industrial properties will be provided.
- And 65% discount on all farms properties will be provided.

The above reductions, rebates and exemptions madam speaker have been considered after engagements with the rate payers representatives and local government representatives. Because we are a caring municipality, we have seen it important to listen to the requests and proposals of the community hence members we have agreed to reduce rate Randages from rates of 2013/2014 and this has resulted us to reduce our draft budget revenue of rates by R10 million.

This then Madam Speaker gives us the revenue of the municipality to be R375, 4 million including grants and subsidies from National and Provincial Governments as follows:

Property Rates – R30, 7 million

Municipal Services charges – R58, 4 million

Grants – R231, 1 million

Other revenue – R54, 9 million

On general expenditure madam speaker allow me to table budget of R257, 8 million operating, repairs and maintenance as follows:

Staff Salaries – R90, 3 million, this includes filled posts, vacant posts to be filled and new post.

Councillors allowances – R17, 1 million

General expenditure – R137, 8 million, this is for day to day operations of the municipality to ensure that services are delivered. This includes our strategic projects like music festival, special projects, LED projects, Indigent Support, electricity smart metering, revenue enhancement etc.

Repairs and maintenance – R12, 2 million, this is for all maintenances of Infrastructure projects and buildings.

On Capital Budget Madam Speaker, allow me to table the budget of R117, 5 million as follows:

Office of the Municipal Manager – R221 thousand

Corporate Services – R2, 1 million

Budget and Treasury Office – R1, 8 million

Community Services – R7, 3 million

Economic Development & Planning - R915 thousand

Infrastructure Services – R81, 7 million

Electrical Services – R23, 3 million

Madam speaker, the following projects will be implemented from the above capital budget, surfacing of Matatiele town streets and Cedarville streets, community halls, access roads of Manzi, Sabasaba, Mnqayi, Paballong, Masopha, sport fields of Mahangwe, Afsondering, Nkau, Nice Field, Majoro, Epiphany, LED Fresh Produce Market, Rolweni bridge and continuation of Budget and Treasury Offices, rural electrification, replacement of electrical cables and 5 high mast lights.

Madam Speaker it is important that I must also table that, on the Capital Budget we have budgeted an amount of R20 million to construct new council chambers and offices and this has been awarded to commence soon.

The tabled Capital Budget of R117 million is funded as follows:

MIG – R45, 2 million

Electrification grant – R19, 3 million

Council funding from Capital Replacement Reserve – R53, million.

Madam Speaker, Honourable EXCO members and Honourable Councillors, allow me therefore to table to you the Matatiele Local Municipality total operating and capital budgets for 2014/2015 as follows:

This therefore Madam Speaker gives me an opportunity to table to this Council for approval a total budget of R375, 4 million for 2014/2015.

Let me assure the council madam speaker, that, the budget tabled today has been prepared according to the issued guidelines, legislations and priorities of the people of Matatiele.

Public consultative meetings have been conducted and draft budget was publicized for further comments and suggestions as required by law and I want to inform council today that, no written comments from communities or stakeholders were received on draft budget and only those comments were raised in consultative meetings were received and considered for the finalization of this budget.

Provincial Treasury Budget comments on Draft Budget were received and all necessary corrections were done as per their advice.

Madam Speaker requests and suggestions received from Rate Payers Association with regards to General Valuation Roll during the engagements between municipality, local government officials were considered and we have made reductions of almost 45% on rate Randages. I further advise madam speaker that, Rate payer feeling aggrieved with their property values as per valuation roll must follow requirements of law and appeal to appeals board who will look at their objects and make final ruling.

Madam Speaker, let me quote from Calvin Coolidge the 30th President of United States of America when he said, "All growth depends upon activity. There is no development physically or intellectually without effort, and effort means work."

As I have tabled this budget, I want us all sitting here in this house to remember our responsibilities and political mandates that, we are here to work and provide better lives to all our communities. We must put more efforts and work hard through implementation of this budget and if we don't work hard then we will put no effort to achieve our mandates. I say this Madam Speaker also to the Management, our performance needs to improve on service delivery and our expectations are that, by Mid Term assessment of performance, only performance of above 50% will be accepted.

As our father of the nation the late President Nelson Rolihlahla Mandela Said, "Real leaders must be ready to sacrifice all for the freedom of their people" we must all of us today leave this house and put all our dedications and efforts to free our people from poverty and non services.

Honourable Members of Council, Management and Communities let me extend a word of gratitude to you all for your efforts and cooperation on the preparation of this budget and hope that this will be delivered as planned to improve the lives of our people.

I thank you.

Council Resolutions

On the 30th of May 2014 the Council of Matatiele Local Municipality met in Town Hall to consider the approval of the annual budget of the municipality for the financial year 2014/15. The Council approved and adopted the following

Resolutions:

1. That the Final IDP 2014/15 be approved;
2. That the Final Budget 2014/15 be approved as per section 24(1) of the MFMA.
3. That the Council approves the Annual Budget of the Municipality for the financial year 2014/15; and indicative for the two projected outer years 2015/2016 and 2016/2017 be approved as set out in the following;
 - Operating Revenue by Source 1.4
 - Operating Expenditure by Source 1.5
 - Capital Expenditure by vote 1.6
 - Capital Funding by source Table 6
4. That Council approves the property rates reflected in item number 2.5 and any other municipal taxes reflected in item number 2.5 are imposed for the budget year 2014/15.
5. Council approves that the Tariffs of Charges reflected in item number 2.5 are approved for the budget year 2014/15.
6. Council approves that the measurable performance objectives for each vote reflected in item number 2.3 are approved for the budget year 2014/15.
7. Council approves that the amended Budget Related Policies as reflected in item number 2.4 are approved for the budget year 2014/15.

8. Council approves that the other proposed amended budget related policies reflected in item number 2.4 are approved for the budget year 2014/15.
9. Council notes the draft SDBIP tabled with the budget for subsequent approval by the Mayor.

1.2 Executive Summary

METHOD OF PREPARATION

The Budget was prepared according to the Zero Based Method. In terms of the method all votes and line items were reduced to zero and every amount allocated had to be motivated. General Managers were requested to hand their requests to the Chief Financial Officer for inclusion on the budget. The information was requested to reach the Chief Financial Officer by the 30 December 2013. All departments gave input.

In terms of Section 16(2) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), hereafter called the MFMA, the Mayor must table the Annual Budget at least 90 days before the start of the budget year, that is 31 March. Council must therefore consider any views of the community on the tabled budget (Section 22 of the MFMA) and approve the budget before the start of the financial year which is 1 July (Section 16(1) of the MFMA).

Operating Budget

In terms of GRAP format Capital Grants receivable are included in the Operating Budget. Capital Expenditure is not included in the Operating Budget.

Operating expenditure is the day to day management items of the Municipality, i.e.:

Salaries and Wages, Repairs and Maintenance, Debt Servicing, Depreciation on Assets, Insurance, Electricity, Telephone, Subsistence and Travelling Allowances, Fuel etc.

The total budget amounts to R375 460 759. Table 1 hereunder summarizes the budget per department. General Managers must manage their own budgets consulting with the Chairpersons of the Standing Committees and the Standing Committees where necessary.

Allocations per line item are done by the departments themselves, as long as they don't exceed the amounts allocated per Table 1. Table 1 which is Consolidated Overview of the 2014/15 Medium Term Revenue Expenditure Forecast.

Table 1

	Adjusted Budget 2013/14	Budget 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Total Revenue	366 038 656	375 460 758	327 099 097	346 650 659
Total Expenditure	245 421 481	257 880 519	267 950 494	283 155 941
Surplus/(Deficit) for the year	120 617 175	117 580 239	59 148 603	63 494 718
Total capital expenditure	123 692 263	117 577 392	23 560 000	6 711 402

Total Revenue by source

Income	Amount	Percentage %
Property Rates	30 729 031	8.19
Service Charges	48 690 405	12.97
Rental of Facilities	599 165	0.16
Interest earned – external	4 200 000	0.52
Interest earned - internal	1 943 340	1.12
Fines	451 050	0.12
Licenses and Permits	2 704 000	0.72
Government Grants	231 194 297	61.58
Other	54 950 520	14.64
Total	375 460 759	100%

Total Expenditure by type

Expenditure	Amount	Percentage
Employee Related Costs	90 399 594	35.05
Remuneration of Councillors	17 177 712	6.66
Provisions	4 677 597	1.81
Depreciation	14 065 850	5.45
Repairs and Maintenance	12 265 000	4.76
Bulk purchases	28 000 000	10.86
Contracted Services	15 436 545	5.99
Grants and Subsidies paid	27 144 247	10.53
General Expenses	48 713 976	18.89
Sub-total	257 880 519	100%
Capital	117 577 392	
TOTAL	375 457 912	

Operating Budget per Department

Department	Expenditure	Income	Capital
Executive & Council	36 121 701	280 000	221 000
Budget & Finance	58 119 575	228 745 320	1 891 000
Corporate Services	30 364 329	300 000	2 123 000
Community Services	29 228 710	15 445 883	7 343 000
EDP	19 568 914	4 661 774	915 000
Infrastructure	84 477 293	126 027 781	105 084 192
Capital			117 577 392
Surplus			
TOTAL	257 880 519	375 460 758	117 577 392

Capital Budget

Capital expenditure is the expenditure incurred on items used over a period of time longer than 12 months to generate future income.

Capital projects amounting to R117 577 392 have been included in this budget. Own sources available to fund these projects amount to R53 066 490. Our MIG allocation for 2014/2015 is R45 759 000, DOE will fund a sum of R19 300 000 for electricity installation.

All projects presented in this report are the priorities as per the approved Integrated Development Plan which was reviewed in May 2013 during community review meetings in all 26 wards of the municipality.

Funding of Capital Budget

DOE	19 300 000
MIG	45 210 902
Sub Total	64 510 902
CRR	53 066 490
TOTAL	117 577 392

Grants and Subsidies allocations

In terms of the Fund Act 2014 Matatiele Local Municipality will receive an Equitable Share of R138 979 000. This amount is always not enough to meet all the community needs on service delivery as is always utilised for the day to day operations of the municipality which some are strategic programs to deal with special programs in improving community welfare like gender, youth, indigent support, sport and recreation and many more as identified and approved by council through operational plans. It is operational grants allocated to Matatiele for the 2014/2015 is indicated as follows. Kindly note that these amounts are included in the revenue table as indicated on page 3.

TARIFFS

All charges excluding electricity and property rates are calculated to increase by 5%, for the 2014/2015 financial year, starting 1 July 2014 and this is based on the Consumer Price Index as at 5.78%.

Property Rates

The new Property Valuation Roll came into effect the 1 July 2013 and this will come to expire at the end of 2016/17 financial year ending 30 June 2017. The new General Valuation Roll has been prepared and Final available of which notifications are done to Rate Payers through letters to each Ratepayer and notices on notice boards and print media circulating provincially and locally. This is to give Ratepayers aggrieved by new General Valuation Values of their Properties to lodge objections as per requirements of Local Government: Municipal Property Rates Act. The final General Valuation Roll will be available before the implementation of the budget which will be July 2014 and final rates revenue will be calculated on the new values of the Valuation Roll. Based on the Final Valuation Roll, there will be no increase in this year's tariff.

As a way of providing relief of property tax due to changes on the valuation roll, property rates rebates are to remain at 35%, for business and industrial at 10% and property rates exemptions for residential properties will remain at first R55, 000 of the property value as determined in the rolls.

The rate Randages charged in the prior year will not change and the only effect on changes will be the increased property values as per new valuation roll to be implemented.

Electricity

Electricity tariffs will increase between 5.4% and 7.8% in terms of the directive from NT and National Electricity Regulator of South Africa.

Refuse Removal and Other Tariff of Charges

Refuse tariffs will be increased by 5% and all other tariffs are kept to increase at same level.

EXTERNAL SERVICE DELIVERY MECHANISIMS

External service providers are used for the refuse removal and grass cutting in the towns of Matatiele, Cedarville and Maluti.

ACCUMULATED SURPLUS

This budget will result in a surplus of R2 848. This should be noted that is budget surplus to ensure that the budget is balanced.

Accumulated surplus at the year ended 30 June 2013 was R 432 800 842 and cash backed amount of R53 066 489 from this accumulated surplus is included in this budget as Capital Replacement Reserve to fund capital projects. This amount will contribute 45.13 of the total capital budget funding sources.

For the year end 30 June 2014, an amount of R53 066 489 is projected to be realised as operating surplus.

1.4 Operating Revenue Framework

For Matatiele Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2014/15MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
Revenue By Source											
Property rates	2	12 776	13 235	15 501	27 040	42 298	42 298	42 298	30 729	32 265	33 899
Property rates - penalties & collection charges	3280	—	—	—	1 700	1 701	1 701	1 701	—	—	—
Service charges - electricity revenue	2	25 838	32 489	33 912	42 966	42 966	42 966	42 966	41 500	43 575	45 754
Service charges - water revenue	2	—	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue	2	—	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue	2	5 743	5 773	6 411	6 848	6 848	6 848	6 848	7 190	7 550	7 927
Service charges - other		—	—	—	—	—	—	—	—	—	—
Rental of facilities and equipment	3070	499	483	534	571	587	587	587	599	597	621
Interest earned - external investments	3210	6 364	6 926	7 861	5 500	5 500	5 500	5 500	4 200	4 200	4 410
Interest earned - outstanding debtors	3270	—	—	—	151	151	151	151	1 943	1 951	1 960
Dividends received		—	—	—	—	—	—	—	—	—	—
Fines	3310	966	1 651	1 509	450	451	451	451	451	474	496
Licences and permits	3370	1 059	1 897	2 094	2 704	2 704	2 704	2 704	2 704	2 839	2 981
Agency services		—	—	—	—	—	—	—	—	—	—
Transfers recognised - operational	3410	135 377	125 711	152 460	213 606	211 403	211 404	211 404	166 683	120 007	148 059
Other revenue	2	1 397	794	5 296	59 955	65 047	65 047	65 047	54 912	35 609	35 635
Gains on disposal of PPE	3700	15	293	—	—	35	35	35	39	—	—
Total Revenue (excluding capital transfers and contributions)		190 034	189 252	225 577	361 491	379 690	379 690	379 690	310 950	249 067	281 742

Table 3 Percentage growth in revenue by main revenue source

Description			2014/15 Medium Term Revenue & Expenditure Framework					
			Budget Year	%	Budget Year	%	Budget Year	%
R thousand	Adjusted Budget 2013/14	%	2014/15		+1 2015/16		+2 2016/17	
Revenue By Source								
Property rates	42 297 947	11.14	30 729 031	8.18	32 265 483	9.86	33 898 757	9.78
Property rates - penalties & collection charges	1 700 807	0.45	0	0.00	0	0.00	0	0.00
Service charges - electricity revenue	42 965 713	11.32	41 500 000	11.05	43 575 000	13.32	45 754 000	13.20
Service charges - water revenue	0	0.00	0	0.00	0	0.00	0	0.00
Service charges - sanitation revenue	0	0.00	0	0.00	0	0.00	0	0.00
Service charges - refuse revenue	6 848 005	1.80	7 190 405	1.92	7 549 926	2.31	7 927 422	2.29
Service charges - other	0	0.00	0	0.00	0	0.00	0	0.00
Rental of facilities and equipment	586 633	0.15	599 165	0.16	596 781	0.18	621 000	0.18
Interest earned - external investments	5 500 000	1.45	4 200 000	1.12	4 200 000	1.28	4 410 000	1.27
Interest earned - outstanding debtors	150 800	0.04	1 943 000	0.52	1 951 000	0.60	1 960 000	0.57
Dividends received	0	0.00	0	0.00	0	0.00	0	0.00
Fines	451 000	0.12	451 050	0.12	473 540	0.14	496 000	0.14
Licences and permits	2 704 000	0.71	2 704 000	0.72	2 839 200	0.87	2 981 000	0.86
Agency services	0	0.00	0	0.00	0	0.00	0	0.00
Transfers recognised - operational	211 403 409	55.68	231 194 297	61.58	198 039 605	60.54	212 967 190	61.44
Other revenue	65 046 526	17.13	54 911 970	14.63	35 609 000	10.89	35 635 065	10.28
Gains on disposal of PPE	35 000	0.01	38 500	0.01	0	0.00	0	0.00
Total Revenue (excluding capital transfers and contributions)	379 689 840	100	375 461 418	100	327 099 535	100	346 650 434	100

The budget will be funded as per table 1. Kindly note that of a total revenue budget of R375 461 418 Council generates R144 266 462(39%) and Grant amount to R231 194 297(61.6%). Therefore the Council is 61 % dependant on grants.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No.51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio to residential properties to be 1:025. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17 (h) of the MPRA). In addition to this rebate, a further R40

000 reduction on the market value of a property will be granted in terms of the municipality's own Property Rates Policy i.e. the market value less R 55 000.00;

- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a minimum total rebate of 40 per cent will be granted to owners of rateable property if the total gross income of the applicant and/or his/her spouse, if any, is the following:
 - Income not exceeding R3 000.00

In this regard the following stipulations are relevant:

- The rate-able property concerned must be occupied only by the applicant and his/her spouse.
- The applicant must submit proof of his/her age, identity and also proof of the annual income from a social pension;
- The applicant's account must be paid in full, or if not, an arrangement to the debt should be in place; and
- The property must be categorized as residential.

Additional:

- Residential properties a 35% rebate
- Business and Industrial a 10 % rebate
- Residential Exemption at R55 000

Classes such as churches, registered welfare organizations, institutions or organizations performing charitable work, Sports grounds used for purposes of amateur sport will get a 100 % rebate

In considering changes in property rates, cognizance was taken of the local economic conditions such as the gradual recovery in the property market, trends in household incomes and unemployment. Excessive increases in property rates and other tariffs are likely to be counterproductive, resulting in higher levels of non-payment and increased bad debts.

Table 4 Operating Transfers and Grant Receipts

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		73 767	94 491	107 826	120 689	120 689	120 689	145 998	178 652	179 459
Local Government Equitable Share		71 817	92 449	105 328	118 249	118 249	118 249	138 979	176 035	176 741
Finance Management		1 200	1 450	1 500	1 550	1 550	1 550	1 600	1 650	1 700
Municipal Systems Improvement		750	592	998	890	890	890	934	967	1 018
EPWP Incentive								4 485	-	-
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	-	-	-	7 242	-	-
Other transfers/grants [insert description]								7 242		
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: Library Subsidies		-	-	-	-	-	-	288	-	-
								288		
Total Operating Transfers and Grants	5	73 767	94 491	107 826	120 689	120 689	120 689	153 528	178 652	179 459
Capital Transfers and Grants										
National Government:		16 820	24 994	38 926	30 000	10 000	10 000	65 059	73 086	80 164
Municipal Infrastructure Grant (MIG)		16 070	24 994	34 926				45 759	48 086	50 164
Regional Bulk Infrastructure		750	-	4 000	30 000	10 000	10 000	19 300	25 000	30 000
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: Library Subsidies		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	16 820	24 994	38 926	30 000	10 000	10 000	65 059	73 086	80 164
TOTAL RECEIPTS OF TRANSFERS & GRANTS		90 587	119 485	146 752	150 689	130 689	130 689	218 587	251 738	259 623

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all

increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

Table 5 Comparison of proposed rated levies for the 2014/15 financial year

Categories	Rate Randages/Rand Value – c/R	Ratio in relation to residential property
Residential property	0.0082748	1:1
Farm property as defined in Section 8(2) (d)(i) and 8 (2) (f) (i) of the Act (being Farm property used for agricultural purposes and smallholdings used for agricultural purposes)	0.002069	1: 0.25
Agricultural property used predominantly for commercial and / or industrial purposes	0.002069	1:1.2
Smallholdings used predominantly for commercial and / or industrial purposes	0.002069	1: 1.2

Commercial / Business properties	0.00993	1: 1.2
Industrial properties	0.00993	1:1.2
Public Service Infrastructure properties	0.002069	1:0.25
Municipal properties	0.00000	1:0
Mining properties	0.01241	1:1.5
Vacant Land	0.018054	
Government Property	0.018054	

Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. An increase of 8 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2014.

Considering the Eskom increases, the consumer tariff had to be increased by between 5 and 7.36 per cent to offset the additional bulk purchase cost from 1 July 2014. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

The following table shows the impact of the proposed increases in electricity tariffs on the water charges for domestic customers:

Table 8 Comparison between current electricity charges and increases (Domestic)

Monthly Consumption kWh	Current amount Payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
Basic Charge	272.71	292.86	20.15	7%
0-50	0.64	0.68	0.04	5.5%
51-350	0.83	0.88	0.05	6.5%
351-600	1.09	1.17	0.08	7%
601 and over	1.28	1.37	0.09	7%

On announcement of Eskom bulk increases by NERSA, the municipality's proposed increases on electricity tariffs is 7.39% as guided by NERSA and MFMA circular 70 and the final tariffs will be subject to NERSA.

Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration.

A 5 per cent increase in the waste tariff is proposed from 1 July 2014. Higher increases will not be violable in 2014/2015 owing to significant increases implemented in previous financial years as well as the overall impact of higher inflation increases of other services. Any increase higher than 10 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2014:

Table 11 Comparison between current waste removal fees and increases

	CURRENT TARIFFS	PROPOSED TARIFFS	% INCREASE
	Jul-13	Jul-14	
Solid waste	WASTE REMOVAL	WASTE REMOVAL	WASTE REMOVAL
Domestic Removals			
Every owner or occupier of premises from which refuse is removed twice weekly shall pay the Council a fee of per bag per month.	93.48	98.15	5.00%
Commercial Removals			
Each individual/separate business shall be charged a basic service charge per month.	140.2	147.21	5.00%
In addition to 1.2 every owner or occupier of business premises from which refuse is removed, shall pay the Council a fee of per bag per month, removal twice weekly.	140.2	147.21	5.00%

	WASTE REMOVAL	MUNICIPALITY CLEANING	WASTE REMOVAL	MUNICIPALITY CLEANING
Tariff	Per month (R)		Per month (R)	
	2013/14		2014/2015	
Domestic refuse removed X2 weekly	93.48	93.48	98.15	98.15
Basic Charge each business/individual	140.20	140.20	147.21	147.21
In addition to above every owner shall pay Council a fee of per bag per month, removed X2	140.20	140.20	147.21	147.21

1.2.1 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household bills has been kept between 8 and 12 per cent.

Table 11EC441 MATATIELE LOCAL MUNICIPALITY Table SA14 – Household bills

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15 % Incr.	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		190.39	226.56	269.61	307.35	307.35	307.35	(45.0%)	169.04	175.80	182.83
Electricity: Basic levy		136.10	157.88	183.14	208.78	208.78	208.78	7.4%	224.20	240.77	260.03
Electricity: Consumption		460.00	533.60	576.29	628.15	628.15	628.15	7.4%	674.64	724.56	
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal		40.32	44.35	46.13	48.43	48.43	48.43	5.0%	50.85	53.40	56.07
Other											
sub-total		826.81	962.39	1 075.16	1 192.71	1 192.71	1 192.71	(6.2%)	1 118.74	1 194.53	498.93
VAT on Services											
Total large household bill:		826.81	962.39	1 075.16	1 192.71	1 192.71	1 192.71	(0.06)	1 118.74	1 194.53	498.93
% increase/-decrease		-	16.4%	11.7%	10.9%	-	-	(6.2%)	6.8%	(58.2%)	
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
sub-total		-	-	-	-	-	-	-	-	-	-
VAT on Services											
Total small household bill:		-	-	-	-	-	-	-	-	-	-
% increase/-decrease		-	-	-	-	-	-	-	-	-	-
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		30 000.00	30 000.00	30 000.00	30 000.00	30 000.00	30 000.00	55 000.00	55 000.00	55 000.00	55 000.00
Electricity: Basic levy											
Electricity: Consumption		50kwh	50kwh	50kwh	50kwh	50kwh	50kwh	50kwh	50kwh	50kwh	50kwh
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal		60 480.00	63 504	66 044	69 346	72 814	72 814	52	91 800	98 050	106 400
Other											
sub-total		90 480.00	93 504.00	96 044.16	99 346	102 814	102 814	0	146 800	153 050	161 400
VAT on Services											
Total small household bill:		90 480.00	93 504.00	96 044.16	99 346.37	102 813.69	102 813.69	47.8%	146 800.00	153 050.00	161 400.00
% increase/-decrease		-	3.3%	2.7%	3.4%	3.5%	-	(100.0%)	6%	4.3%	5.5%

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2014/15 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Strict adherences to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2014/15 budget and MTREF (classified per main type of operating expenditure):

Table 13 Summary of operating expenditure by standard classification item

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Expenditure By Type										
Employee related costs	37 770 238	46 428 912	57 368 402	76 493 351	76 493 351	76 493 351	76 493 351	90 399 998	99 582 928	106 718 475
Remuneration of councillors	11 345 845	13 275 609	13 899 578	15 778 549	15 778 549	15 778 549	15 778 549	17 177 312	18 036 177	19 010 223
Debt impairment	1 394 822	2 609 770	63 893 245	3 000 000	3 000 000	3 000 000	3 000 000	4 677 596	4 945 305	5 241 703
Depreciation & asset impairment	14 709 303	15 905 291	17 084 085	9 831 085	13 053 023	13 053 023	9 831 085	14 065 850	14 791 194	15 519 197
Finance charges	1 250 057	563 438	4 274 158	2 000 000	-	-	-	-	-	-
Bulk purchases	16 078 220	21 898 140	24 556 468	28 000 000	28 000 000	28 000 000	28 000 000	28 000 000	29 400 000	30 870 000
Other materials	8 417 981	9 450 048	10 290 019	11 250 000	12 559 000	12 559 000	12 559 000	12 265 000	12 645 750	13 203 037
Contracted services	5 710 644	9 363 486	12 328 827	15 712 984	15 742 984	15 742 984	14 932 984	15 436 544	16 135 151	17 809 962
Transfers and grants	35 504 453	8 467 660	23 662 852	19 851 000	28 889 000	28 889 000	28 889 000	27 144 247	21 060 048	20 860 465
Other expenditure	15 574 715	23 703 363	26 308 413	35 562 263	51 631 763	51 631 763	51 631 763	48 714 197	51 354 035	53 922 499
Loss on disposal of PPE	114 940	2 507 181	5 064 153	-	-	-	-	-	-	-
Total Expenditure	147 871 218	154 172 898	258 730 199	217 479 232	245 147 670	245 147 670	241 115 732	257 880 744	267 950 588	283 155 561

The budgeted allocation for employee related costs for the 2014/15 financial year totals R90,4 million, which equals 35 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.78 per cent for the 2014/15 financial year. An annual increase of 8 per cent has been included in the two outer years of the MTREF

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 85 per cent and the Debt Write-off Policy of the Municipality. For the 2014/15 financial year this amount equates to R3 million and remains the same 2015/16. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R14 million for the 2014/15 financial and equates to 5 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other material comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. For 2014/15 the appropriation against this group of expenditure is by 4 per cent and continues to grow at 4, 5 and 4.6 per cent for the two outer years.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 5 per cent for 2014/15 and curbed at 5 and 5.5 per cent for the two outer years, indicating that significant cost savings have been already realised. Further details relating to contracted services can be seen in Table 64 MBRR SA1 (see page 100).

The following table gives a breakdown of the main expenditure categories for the 2014/15 financial year.

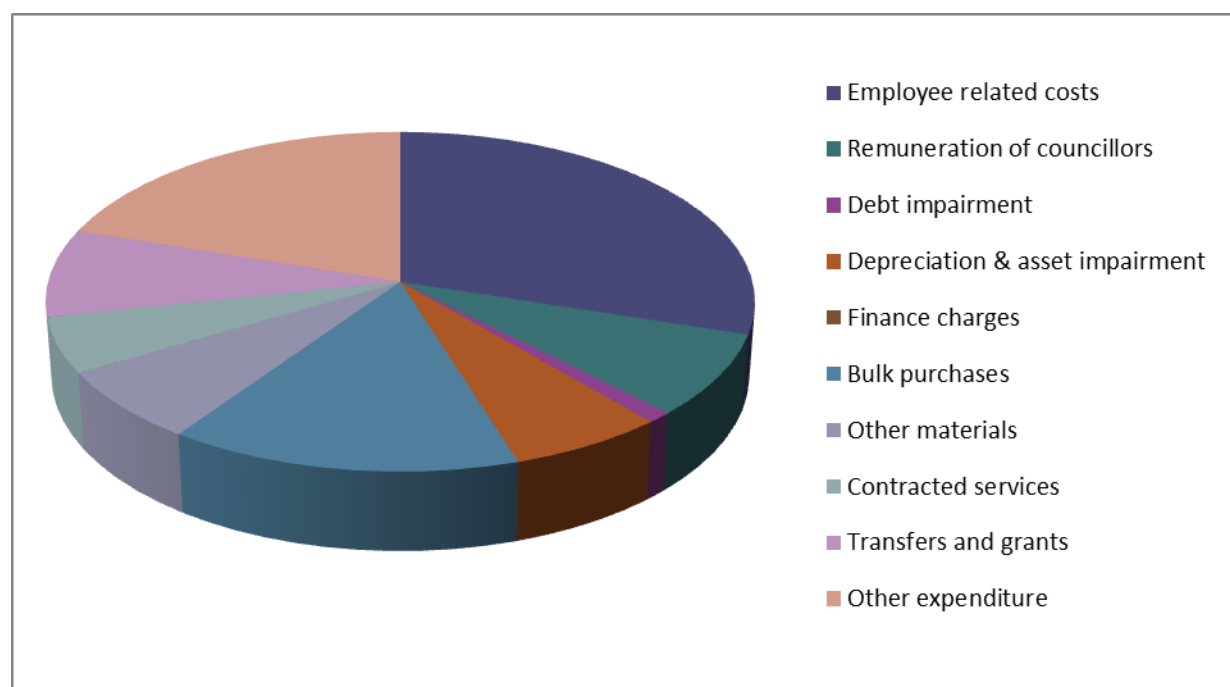


Figure 1 Main operational expenditure categories for the 2014/15 financial year

1.2.2 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2014/15 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 14 Repairs and maintenance per asset class

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Depreciation & Asset Impairment</u>										
<u>Repairs and Maintenance by Asset Class</u>										
Infrastructure - Roads	-	-	-	2 700	2 700	2 700	2 700	6 312	7 259	8 348
Infrastructure - Electricity	-	-	-	-	-	-				
Infrastructure - Other	-	-	-	-	-	-				
Infrastructure										
Community	-	-	-	-	-	-				
Other										
TOTAL OPERATING EXPENDITURE	-	-	-	2 700	2 700	2 700	2 700	6 312	7 259	8 348

For the 2014/15 financial year 5 per cent or R6,3 of total repairs and maintenance will be spent on infrastructure assets. Roads infrastructure has received a 5 per cent (R6 312 Million), followed by outer years another 5 per cent amounting to 7, 259 million and 8, 348 million.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 15 500 or more indigent households during the 2014/2015 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

The total budget for free basic services is R10 000 000, which consists of non-grid consumers whom we supply gel and solar maintenance. The grid consumers receive 50 kwh per month with 100 % rebate rates and refuse

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 6 2014/15 Medium-term capital budget per vote

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget & Finance		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community		-	-	-	-	-	-	-	-	-	-
Vote 5 - Development & Planning		-	-	-	-	-	-	-	-	-	-
Vote 6 - Infrastructure		-	1 194	40 874	59 933	68 430	68 430	68 430	85 662	23 560	6 711
Capital multi-year expenditure sub-total	7	-	1 194	40 874	59 933	68 430	68 430	68 430	85 662	23 560	6 711
Single-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		933	6	23	1 555	1 555	1 555	1 555	221	-	-
Vote 2 - Budget & Finance		2 656	527	11 900	11 300	11 300	11 300	11 300	2 171	-	-
Vote 3 - Corporate		14	36	638	1 400	1 400	1 400	1 400	1 843	-	-
Vote 4 - Community		6 280	4 304	2 178	7 420	6 464	6 464	6 464	5 013	-	-
Vote 5 - Development & Planning		264	498	786	20 255	16 605	16 605	16 605	915	-	-
Vote 6 - Infrastructure		25 470	29 933	4 336	41 930	17 939	17 939	17 939	21 752	54 473	58 197
Capital single-year expenditure sub-total		35 616	35 304	19 861	83 860	55 263	55 263	55 263	31 915	54 473	58 197
Total Capital Expenditure - Vote		35 616	36 498	60 735	143 793	123 692	123 692	123 692	117 577	78 033	64 908
Funded by:											
National Government		27 561	25 932	33 118	85 433	48 915	48 915	48 915	45 211	78 033	64 908
Provincial Government		-	-	-	-	-	-	-	19 300	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	27 561	25 932	33 118	85 433	48 915	48 915	48 915	64 511	78 033	64 908
Public contributions & donations	5										
Borrowing	6				11 500	11 500	11 500	11 500	-	-	-
Internally generated funds		8 055	10 565	27 617	46 860	63 277	63 277	63 277	53 066	-	-
Total Capital Funding	7	35 616	36 498	60 735	143 793	123 692	123 692	123 692	117 577	78 033	64 908

For 2014/15 an amount of R85 million has been appropriated for the development of infrastructure. This represents 73% of the total capital budget.

Total new assets represents 100 per cent or R117 million of the total capital. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Assets Management) on page 37. In addition to the A9 MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to page 95). Some of the salient project to be undertaken over the medium term includes, amongst others. Furthermore page 97 contains a detail breakdown of the capital per project over the MTRF.

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

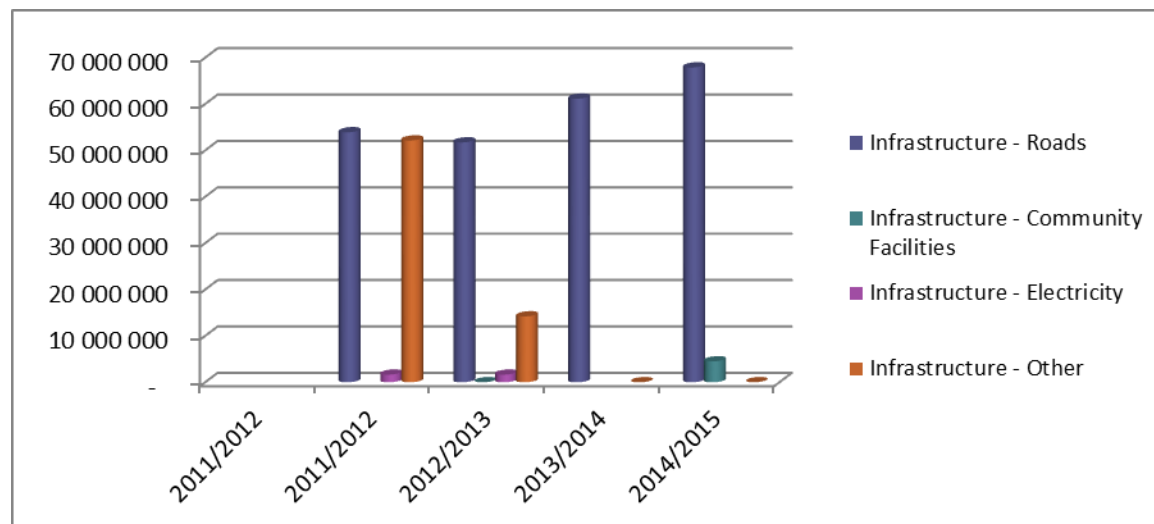


Figure 2 Capital Infrastructure Programme

1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table 61MBRR SA35 on page 96. It needs to be noted that as part of the 2014/15 MTREF, this expenditure has been factored into the two outer years of the operational budget.

1.7 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2014/15 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page

Table 17 MBRR Table A1 - Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousands										
Financial Performance										
Property rates	12 776	13 235	15 501	28 740	43 999	43 999	43 999	30 729	32 265	33 899
Service charges	31 581	38 262	40 323	49 814	49 814	49 814	49 814	48 690	51 125	53 681
Investment revenue	6 364	6 926	7 861	5 500	5 500	5 500	5 500	4 200	4 200	4 410
Transfers recognised - operational	135 377	125 711	152 460	213 606	211 403	211 404	211 404	166 683	120 007	148 059
Other own revenue	3 937	5 118	9 433	63 831	68 974	68 974	68 974	60 648	41 470	41 693
Total Revenue (excluding capital transfers and contributions)	190 034	189 252	225 577	361 491	379 690	379 690	379 690	310 950	249 067	281 742
Employee costs	37 770	46 429	57 395	76 493	76 493	76 493	76 493	90 400	99 583	106 718
Remuneration of councillors	11 346	13 276	13 900	15 779	15 779	15 779	15 779	17 177	18 036	19 010
Depreciation & asset impairment	14 709	15 905	17 084	9 831	13 053	13 053	9 831	14 066	14 791	15 519
Finance charges	1 250	563	4 274	2 000	–	–	–	–	–	–
Materials and bulk purchases	24 496	31 348	34 846	39 250	40 559	40 559	40 559	40 265	42 046	44 073
Transfers and grants	35 504	8 468	23 663	19 851	28 889	28 889	28 889	27 144	21 060	20 860
Other expenditure	22 795	38 184	107 595	54 275	70 375	70 375	69 565	68 828	72 434	76 974
Total Expenditure	147 871	154 173	258 757	217 479	245 148	245 148	241 116	257 881	267 951	283 156
Surplus/(Deficit)	42 163	35 079	(33 180)	144 011	134 542	134 543	138 574	53 070	(18 884)	(1 413)
Transfers recognised - capital	–	–	–	–	–	–	–	64 511	78 033	64 908
Contributions recognised - capital & contributed a	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	42 163	35 079	(33 180)	144 011	134 542	134 543	138 574	117 581	59 149	63 495
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	42 163	35 079	(33 180)	144 011	134 542	134 543	138 574	117 581	59 149	63 495
Capital expenditure & funds sources										
Capital expenditure	–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	27 561	25 932	33 118	85 433	48 915	48 915	48 915	64 511	78 033	64 908
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	11 500	11 500	11 500	11 500	–	–	–
Internally generated funds	8 055	10 565	27 617	46 860	63 277	63 277	63 277	53 066	–	–
Total sources of capital funds	35 616	36 498	60 735	143 793	123 692	123 692	123 692	117 577	78 033	64 908
Financial position										
Total current assets	103 231	118 300	110 547	110 547	110 547	110 547	110 547	115 380	115 380	115 380
Total non current assets	380 293	398 623	431 655	431 655	431 655	431 655	431 655	539 874	543 934	611 895
Total current liabilities	43 528	39 895	29 884	29 884	29 884	29 884	29 884	22 752	24 860	27 179
Total non current liabilities	8 557	11 758	16 916	16 916	16 916	16 916	16 916	19 520	21 472	23 619
Community wealth/Equity	431 439	465 271	495 402	495 402	495 402	495 402	495 402	612 983	612 983	676 477
Cash flows										
Net cash from (used) operating	45 972	66 684	38 056	143 861	134 356	134 357	138 389	132 124	54 949	59 085
Net cash from (used) investing	(35 926)	(37 286)	(63 321)	(59 583)	350	350	350	(117 227)	(77 683)	(64 558)
Net cash from (used) financing	(135)	(34)	–	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	73 137	102 500	77 235	161 513	296 220	296 220	300 252	117 397	94 663	89 189
Cash backing/surplus reconciliation										
Cash and investments available	73 137	102 500	84 224	84 224	84 224	84 224	84 224	93 719	93 719	93 719
Application of cash and investments	17 422	19 639	4 429	2 463	2 460	2 460	2 460	(40)	2 074	4 393
Balance - surplus (shortfall)	55 715	82 861	79 795	81 761	81 764	81 764	81 764	93 759	91 645	89 326
Asset management										
Asset register summary (WDV)	374 930	392 538	431 655	431 655	431 655	431 655	539 874	539 874	543 934	611 895
Depreciation & asset impairment	14 709	15 905	17 084	9 831	13 053	13 053	14 066	14 066	14 791	15 519
Renewal of Existing Assets	–	–	–	2 780	2 780	2 780	2 780	6 312	–	–
Repairs and Maintenance	–	–	–	–	–	–	–	–	–	–
Free services										
Cost of Free Basic Services provided	566	1 551	3 456	4 154	4 154	4 154	4 569	4 569	5 026	5 529
Revenue cost of free services provided	566	1 551	9 045	9 966	10 198	4 154	11 218	11 218	12 340	13 574
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	4	4	5	5	5	5	5	5	5	5

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. These places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2014/15, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		90 901	112 031	138 931	161 227	195 446	195 446	229 325	193 990	203 601
Executive and council		1 811	474	477	1 926	14 227	14 227	280	-	-
Budget and treasury office		88 655	111 240	136 853	157 702	179 619	179 619	228 745	193 780	203 381
Corporate services		434	317	1 600	1 600	1 600	1 600	300	210	221
<i>Community and public safety</i>		5 530	5 285	11 342	20 869	21 595	21 595	19 932	16 211	16 807
Community and social services		2 666	1 738	1 329	6 867	7 593	7 593	19 932	16 211	16 807
Sport and recreation		2 752	3 547	3 602	3 154	3 154	3 154	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		112	-	6 411	10 848	10 848	10 848	-	-	-
<i>Economic and environmental services</i>		22 954	27 393	37 996	79 378	87 469	87 468	58 822	41 413	43 183
Planning and development		1 658	1 447	1 558	10 748	11 414	11 414	177	173	189
Road transport		21 296	25 946	36 438	68 630	76 054	76 053	58 645	41 240	42 994
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		70 650	44 542	37 309	100 017	75 180	75 181	67 383	75 487	83 059
Electricity		60 070	33 963	37 309	100 017	75 180	75 181	67 383	75 487	83 059
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		10 580	10 580	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	190 034	189 252	225 577	361 491	379 690	379 690	375 461	327 100	346 650
Expenditure - Standard										
<i>Governance and administration</i>		47 722	66 828	141 307	97 199	118 679	116 233	124 606	129 501	137 335
Executive and council		20 140	26 366	29 224	32 689	45 786	45 786	36 122	37 969	40 174
Budget and treasury office		17 672	29 213	95 386	40 588	47 742	45 296	58 120	59 351	62 767
Corporate services		9 911	11 249	16 697	23 922	25 150	25 150	30 364	32 180	34 394
<i>Community and public safety</i>		12 871	13 360	25 069	35 328	36 487	38 934	29 229	32 921	34 272
Community and social services		10 806	8 004	5 556	12 259	13 027	15 473	29 229	32 921	34 272
Sport and recreation		2 065	5 356	6 803	7 628	8 276	8 276	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	12 710	15 441	15 184	15 184	-	-	-
<i>Economic and environmental services</i>		28 323	38 251	52 399	46 086	50 427	50 427	64 034	63 370	67 157
Planning and development		5 781	5 781	10 104	15 453	18 740	18 740	19 569	16 117	17 198
Road transport		22 542	32 470	42 295	30 633	31 687	31 687	44 465	47 252	49 958
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		58 955	35 734	39 981	38 867	39 555	39 555	40 013	42 160	44 392
Electricity		52 747	27 782	39 981	38 867	39 555	39 555	40 013	42 160	44 392
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		6 208	7 952	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	147 871	154 173	258 757	217 479	245 148	245 148	257 881	267 951	283 156
Surplus/(Deficit) for the year		42 163	35 079	(33 180)	144 011	134 542	134 543	117 581	59 149	63 495

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue.

Table 7 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Revenue by Vote	1									
Vote 1 - Executive & Council		1 811	474	477	1 926	14 227	14 227	280	–	–
Vote 2 - Budget & Finance		92 520	111 240	136 799	157 702	177 619	177 619	228 746	193 780	203 381
Vote 3 - Corporate		436	318	688	1 600	1 600	1 600	300	210	221
Vote 4 - Community		15 603	5 285	11 347	20 869	23 596	23 597	15 446	16 210	16 855
Vote 5 - Development & Planning		1 658	1 447	1 558	10 748	11 414	11 414	4 662	173	189
Vote 6 - Infrastructure		78 006	70 488	74 707	168 646	151 233	151 233	126 028	116 727	126 004
Total Revenue by Vote	2	190 034	189 252	225 577	361 491	379 690	379 690	375 461	327 100	346 650
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive & Council		20 140	26 366	29 251	32 689	45 786	45 786	36 122	37 970	40 174
Vote 2 - Budget & Finance		17 672	29 286	95 387	41 345	47 332	47 332	58 119	59 352	62 767
Vote 3 - Corporate		9 911	11 249	16 697	23 922	25 150	25 150	30 364	32 180	34 394
Vote 4 - Community		20 652	13 360	25 170	35 328	36 897	36 897	29 229	32 921	34 272
Vote 5 - Development & Planning		4 200	5 781	10 103	14 806	18 740	18 740	19 569	16 117	17 198
Vote 6 - Infrastructure		75 296	68 131	82 149	69 389	71 241	71 241	84 477	89 412	94 351
Total Expenditure by Vote	2	147 871	154 173	258 757	217 479	245 148	245 148	257 881	267 951	283 156
Surplus/(Deficit) for the year	2	42 163	35 079	(33 180)	144 011	134 542	134 543	117 581	59 149	63 495

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 20 Surplus/Deficit calculations for the trading services

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Electricity										
Total revenue	60 070	33 963	39 178	65 016	65 179	65 179	64 179	48 083	50 487	53 011
Operating expenditure	52 747	27 782	39 880	38 926	39 555	39 555	39 555	40 089	42 242	44 481
Surplus/(Deficit) for the year	7 323	6 181	(702)	26 090	25 625	25 625	24 625	7 994	8 245	8 530
Percentage Surplus	10.29%	18.20%	-1.79%	40.13%	39.31%	39.31%	38.37%	16.63%	16.33%	16.09%

2. The electricity trading surplus is maintained over the 2014/15MTREF at 16 per cent .
Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, *and are not used to cross-subsidise other municipal services.*

Table 21MBRRTable A4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
Revenue By Source											
Property rates	2	12 776	13 235	15 501	27 040	42 298	42 298	42 298	30 729	32 265	33 899
Property rates - penalties & collection charges	3280	–	–	–	1 700	1 701	1 701	1 701	–	–	–
Service charges - electricity revenue	2	25 838	32 489	33 912	42 966	42 966	42 966	42 966	41 500	43 575	45 754
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	5 743	5 773	6 411	6 848	6 848	6 848	6 848	7 190	7 550	7 927
Service charges - other		–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	3070	499	483	534	571	587	587	587	599	597	621
Interest earned - external investments	3210	6 364	6 926	7 861	5 500	5 500	5 500	5 500	4 200	4 200	4 410
Interest earned - outstanding debtors	3270	–	–	–	151	151	151	151	1 943	1 951	1 960
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines	3310	966	1 651	1 509	450	451	451	451	451	474	496
Licences and permits	3370	1 059	1 897	2 094	2 704	2 704	2 704	2 704	2 704	2 839	2 981
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers recognised - operational	3410	135 377	125 711	152 460	213 606	211 403	211 404	211 404	166 683	120 007	148 059
Other revenue	2	1 397	794	5 296	59 955	65 047	65 047	65 047	54 912	35 609	35 635
Gains on disposal of PPE	3700	15	293	–	–	35	35	35	39	–	–
Total Revenue (excluding capital transfers and contributions)		190 034	189 252	225 577	361 491	379 690	379 690	379 690	310 950	249 067	281 742
Expenditure By Type											
Employee related costs	2	37 770	46 429	57 395	76 493	76 493	76 493	76 493	90 400	99 583	106 718
Remuneration of councillors	4340	11 346	13 276	13 900	15 779	15 779	15 779	15 779	17 177	18 036	19 010
Debt impairment	4560	1 395	2 610	63 893	3 000	3 000	3 000	3 000	4 678	4 945	5 242
Depreciation & asset impairment	2	14 709	15 905	17 084	9 831	13 053	13 053	9 831	14 066	14 791	15 519
Finance charges	4810	1 250	563	4 274	2 000	–	–	–	–	–	–
Bulk purchases	2	16 078	21 898	24 556	28 000	28 000	28 000	28 000	28 000	29 400	30 870
Other materials	4610	8 418	9 450	10 290	11 250	12 559	12 559	12 559	12 265	12 646	13 203
Contracted services		5 711	9 363	12 329	15 713	15 743	15 743	14 933	15 437	16 135	17 810
Transfers and grants	4970	35 504	8 468	23 663	19 851	28 889	28 889	28 889	27 144	21 060	20 860
Other expenditure	4, 5	15 575	23 703	26 308	35 562	51 632	51 632	51 632	48 714	51 354	53 922
Loss on disposal of PPE	5511	115	2 507	5 064	–	–	–	–	–	–	–
Total Expenditure		147 871	154 173	258 757	217 479	245 148	245 148	241 116	257 881	267 951	283 156
Surplus/(Deficit)		42 163	35 079	(33 180)	144 011	134 542	134 543	138 574	53 070	(18 884)	(1 413)
Transfers recognised - capital	6	–	–	–	–	–	–	–	64 511	78 033	64 908
Contributions recognised - capital		–	–	–	–	–	–	–	–	–	–
Contributed assets		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		42 163	35 079	(33 180)	144 011	134 542	134 543	138 574	117 581	59 149	63 495
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		42 163	35 079	(33 180)	144 011	134 542	134 543	138 574	117 581	59 149	63 495
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		42 163	35 079	(33 180)	144 011	134 542	134 543	138 574	117 581	59 149	63 495
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		42 163	35 079	(33 180)	144 011	134 542	134 543	138 574	117 581	59 149	63 495

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R375,4 million in 2014/15 and reduces to R261,7 million by 2016/17 due to grants that will not be received in the outer years.
2. Revenue to be generated from property rates is R30.7million in the 2014/15 financial year and increases to R33.8 million by 2016/17 which represents 8 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 5 per cent, 6 per cent and 6 per cent for each of the respective financial years of the MTREF.
3. Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R48.6 million for the 2014/15

financial year and increasing to R53,6 million by 2016/17. For the 2014/15 financial year services charges amount to 12,9 per cent of the total revenue base. This growth can mainly be attributed to the increase in the bulk prices of electricity.

4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. The percentage share of this revenue source increases.
5. The following graph illustrates the major expenditure items per type.

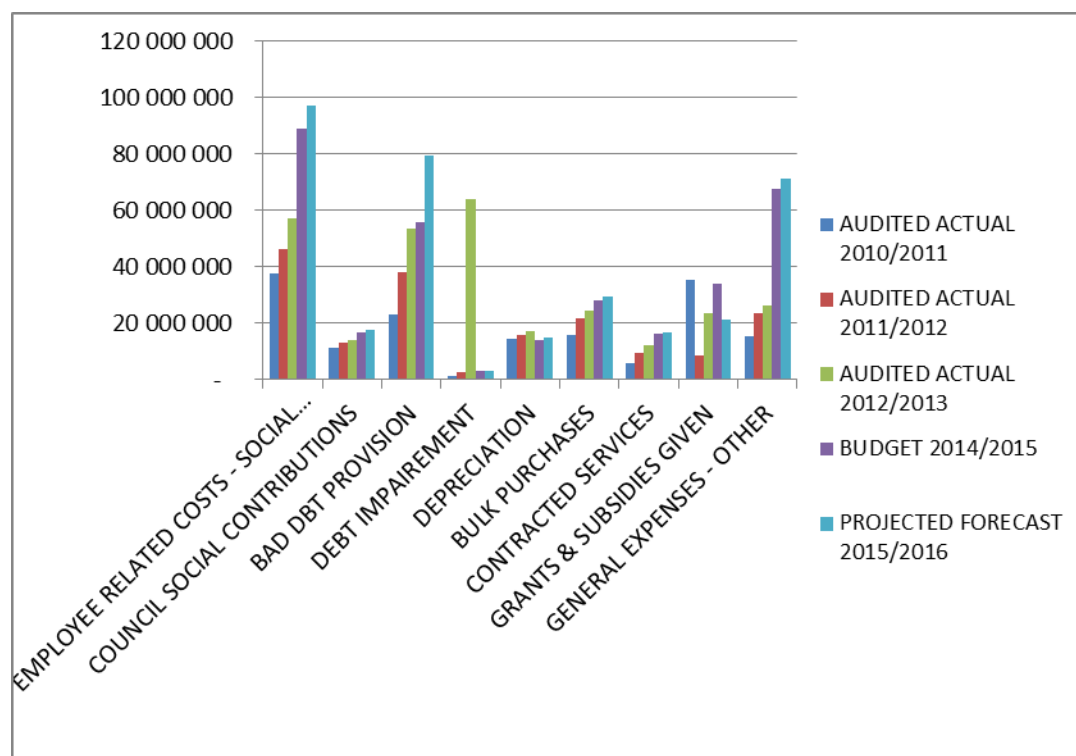


Figure 3 Expenditure by major type

6. Bulk purchases have significantly increased over the 2009/10 to 2014/15 period escalating from R8 million to R28 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 8 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget & Finance		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community		-	-	-	-	-	-	-	-	-	-
Vote 5 - Development & Planning		-	-	-	-	-	-	-	-	-	-
Vote 6 - Infrastructure		-	1 194	40 874	59 933	68 430	68 430	68 430	85 662	23 560	6 711
Capital multi-year expenditure sub-total	7	-	1 194	40 874	59 933	68 430	68 430	68 430	85 662	23 560	6 711
Single-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		933	6	23	1 555	1 555	1 555	1 555	221	-	-
Vote 2 - Budget & Finance		2 656	527	11 900	11 300	11 300	11 300	11 300	2 171	-	-
Vote 3 - Corporate		14	36	638	1 400	1 400	1 400	1 400	1 843	-	-
Vote 4 - Community		6 280	4 304	2 178	7 420	6 464	6 464	6 464	5 013	-	-
Vote 5 - Development & Planning		264	498	786	20 255	16 605	16 605	16 605	915	-	-
Vote 6 - Infrastructure		25 470	29 933	4 336	41 930	17 939	17 939	17 939	21 752	54 473	58 197
Capital single-year expenditure sub-total		35 616	35 304	19 861	83 860	55 263	55 263	55 263	31 915	54 473	58 197
Total Capital Expenditure - Vote		35 616	36 498	60 735	143 793	123 692	123 692	123 692	117 577	78 033	64 908
Funded by:											
National Government		27 561	25 932	33 118	85 433	48 915	48 915	48 915	45 211	78 033	64 908
Provincial Government		-	-	-	-	-	-	-	19 300	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	27 561	25 932	33 118	85 433	48 915	48 915	48 915	64 511	78 033	64 908
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	11 500	11 500	11 500	11 500	-	-	-
Internally generated funds		8 055	10 565	27 617	46 860	63 277	63 277	63 277	53 066	-	-
Total Capital Funding	7	35 616	36 498	60 735	143 793	123 692	123 692	123 692	117 577	78 033	64 908

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
- The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations..
- Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
- The capital programme is funded from capital and provincial grants and transfers, public contributions and donations and internally generated funds from current year surpluses. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 23 MBRR Table A6 -Budgeted Financial Position
Explanatory notes to Table A6 - Budgeted Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
ASSETS											
Current assets											
Cash											
Call investment deposits	1	79 061	102 500	84 224	84 224	84 224	84 224	84 224	93 719	93 719	93 719
Consumer debtors	1	6 270	5 507	10 971	10 971	10 971	10 971	10 971	10 971	10 971	10 971
Other debtors		17 347	9 761	14 807	14 807	14 807	14 807	14 807	10 145	10 145	10 145
Current portion of long-term receivables					–	–	–	–	–	–	–
Inventory	2	553	532	545	545	545	545	545	545	545	545
Total current assets		103 231	118 300	110 547	110 547	110 547	110 547	110 547	115 380	115 380	115 380
Non current assets											
Long-term receivables											
Investments											
Investment property		9 758	9 758	9 898	9 898	9 898	9 898	9 898	9 898	9 898	9 898
Investment in Associate											
Property, plant and equipment	3	364 737	382 349	421 234	421 234	421 234	421 234	421 234	529 453	533 513	601 474
Agricultural											
Biological											
Intangible		435	430	523	523	523	523	523	523	523	523
Other non-current assets		5 363	6 086	–	–	–	–	–	–	–	–
Total non current assets		380 293	398 623	431 655	431 655	431 655	431 655	431 655	539 874	543 934	611 895
TOTAL ASSETS		483 524	516 924	542 202	542 202	542 202	542 202	542 202	655 254	659 314	727 276
LIABILITIES											
Current liabilities											
Bank overdraft	1	5 924	–	–	–	–	–	–	–	–	–
Borrowing	4	34	–	–	–	–	–	–	–	–	–
Consumer deposits		306	242	240	240	240	240	240	240	240	240
Trade and other payables	4	34 801	37 807	28 214	28 214	28 214	28 214	28 214	21 082	23 190	25 509
Provisions		2 463	1 846	1 430	1 430	1 430	1 430	1 430	1 430	1 430	1 430
Total current liabilities		43 528	39 895	29 884	29 884	29 884	29 884	29 884	22 752	24 860	27 179
Non current liabilities											
Borrowing			–	–	–	–	–	–	–	–	–
Provisions		8 557	11 758	16 916	16 916	16 916	16 916	16 916	19 520	21 472	23 619
Total non current liabilities		8 557	11 758	16 916	16 916	16 916	16 916	16 916	19 520	21 472	23 619
TOTAL LIABILITIES		52 085	51 653	46 800	46 800	46 800	46 800	46 800	42 272	46 332	50 798
NET ASSETS	5	431 439	465 271	495 402	495 402	495 402	495 402	495 402	612 983	612 983	676 477
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		35 394	465 271	432 801	432 801	432 801	432 801	432 801	550 382	550 382	613 876
Reserves	4	396 045	–	62 601	62 601	62 601	62 601	62 601	62 601	62 601	62 601
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	431 439	465 271	495 402	495 402	495 402	495 402	495 402	612 983	612 983	676 477

- Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- Table 66 is supported by an extensive table of notes (SA3 which can be found on page 102) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves

4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 24MBRRTable A7 - Budgeted Cash Flow Statement

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		35 528	67 017	60 212	142 234	162 601	162 600	162 600	140 067	124 860	129 273
Government - operating	1	135 377	125 711	144 908	213 606	211 403	211 404	211 404	166 683	120 007	148 059
Government - capital	1								64 511	78 033	64 908
Interest		6 364	6 927	7 861	5 500	5 500	5 500	5 500			
Dividends											
Payments											
Suppliers and employees		(130 046)	(132 407)	(170 650)	(217 479)	(245 148)	(245 148)	(241 116)	(239 137)	(267 951)	(283 156)
Finance charges		(1 250)	(564)	(4 275)							
Transfers and Grants	1										
NET CASH FROM/(USED) OPERATING ACTIVITIES		45 972	66 684	38 056	143 861	134 356	134 357	138 389	132 124	54 949	59 085
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		375		40	350	350	350	350	350	350	350
Decrease (increase) in non-current debtors											
Decrease (increase) other non-current receivables				6 085							
Decrease (increase) in non-current investments											
Payments											
Capital assets		(36 301)	(37 286)	(69 446)	(59 933)	-	-	-	(117 577)	(78 033)	(64 908)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(35 926)	(37 286)	(63 321)	(59 583)	350	350	350	(117 227)	(77 683)	(64 558)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing		(135)	(34)	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing											
NET CASH FROM/(USED) FINANCING ACTIVITIES		(135)	(34)	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		9 910	29 363	(25 265)	84 278	134 706	134 707	138 739	14 897	(22 734)	(5 474)
Cash/cash equivalents at the year begin:	2	63 227	73 137	102 500	77 235	161 513	161 513	161 513	102 500	117 397	94 663
Cash/cash equivalents at the year end:	2	73 137	102 500	77 235	161 513	296 220	296 220	300 252	117 397	94 663	89 189

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality stayed consistent over the 2010/2011 to 2014/2015 period owing directly to a well-oiled finance department.
4. The 2014/15 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
5. Cash and cash equivalents totals R117 million as at the end of the 2014/15.

Table 25MBRRTable A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	73 137	102 500	77 235	161 513	296 220	296 220	300 252	117 397	94 663	89 189
Other current investments > 90 days		–	–	6 989	(77 289)	(211 996)	(211 996)	(216 028)	(23 678)	(944)	4 530
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		73 137	102 500	84 224	84 224	84 224	84 224	84 224	93 719	93 719	93 719
Application of cash and investments											
Unspent conditional transfers		19 596	23 779	16 227	16 227	16 227	16 227	16 227	12 582	13 840	15 224
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2	–	–	–	–	–	–	–	–	–	–
Other working capital requirements	3	(2 174)	(4 140)	(11 798)	(13 764)	(13 767)	(13 767)	(13 767)	(12 622)	(11 766)	(10 831)
Other provisions		–	–	–	–	–	–	–	–	–	–
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:		17 422	19 639	4 429	2 463	2 460	2 460	2 460	(40)	2 074	4 393
Surplus(shortfall)		55 715	82 861	79 795	81 761	81 764	81 764	81 764	93 759	91 645	89 326

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2010/11 the surplus increased from R55 million to R93 million in 2014/15. For the rest of the MTREF a surplus is indicated.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2014/15 MTREF was not funded owing to the significant deficit.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2014/15 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget has been modelled to progressively move from a surplus of R55 million in 2010/11 to R93 million by 2014/15.

Table 26 MBRR Table A9 - Asset Management

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	35 616	36 498	60 735	141 013	120 912	120 912	111 265	78 033	64 908
Infrastructure - Road transport		34 410	30 535	35 295	46 655	68 430	68 430	75 402	54 473	51 586
Infrastructure - Electricity		-	-	4 216	39 150	15 159	15 159	23 150	-	6 611
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		34 410	30 535	39 511	85 805	83 588	83 588	98 552	54 473	58 197
Community		1 031	2 859	7 561	9 310	12 494	12 494	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	122	-	-	-	-	-	-
Other assets	6	-	3 061	13 381	45 897	24 830	24 830	12 713	23 560	6 711
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	175	42	160	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	2 780	2 780	2 780	6 312	-	-
Infrastructure - Electricity		-	-	-	2 780	2 780	2 780	6 312	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	2 780	2 780	2 780	6 312	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		34 410	30 535	35 295	49 435	71 210	71 210	81 714	54 473	51 586
Infrastructure - Electricity		-	-	4 216	39 150	15 159	15 159	23 150	-	6 611
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		34 410	30 535	39 511	88 585	86 368	86 368	104 864	54 473	58 197
Community		1 031	2 859	7 561	9 310	12 494	12 494	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	122	-	-	-	-	-	-
Other assets	6	-	3 061	13 381	45 897	24 830	24 830	12 713	23 560	6 711
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	35 616	36 498	60 735	143 793	123 692	123 692	117 577	78 033	64 908
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	364 737	382 349	421 234	421 234	421 234	421 234	529 453	533 513	601 474
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		364 737	382 349	421 234	421 234	421 234	421 234	529 453	533 513	601 474
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		9 758	9 758	9 898	9 898	9 898	9 898	9 898	9 898	9 898
Other assets		-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		435	430	523	523	523	523	523	523	523
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	374 930	392 538	431 655	431 655	431 655	431 655	539 874	543 934	611 895
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>		14 709	15 905	17 084	9 831	13 053	13 053	14 066	14 791	15 519
<u>Repairs and Maintenance by Asset Class</u>	3	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		14 709	15 905	17 084	9 831	13 053	13 053	14 066	14 791	15 519
Renewal of Existing Assets as % of total capex		0.0%	-	-	0.02	0.02	0.02	0.05	-	-
Renewal of Existing Assets as % of deprecn"		0.0%	-	-	0.28	0.21	0.21	0.45	-	-
R&M as a % of PPE		0.0%	-	-	-	-	-	-	-	-
Renewal and R&M as a % of PPE		0.0%	-	-	0.01	0.01	0.01	0.01	-	-

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality meets both these recommendations.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.

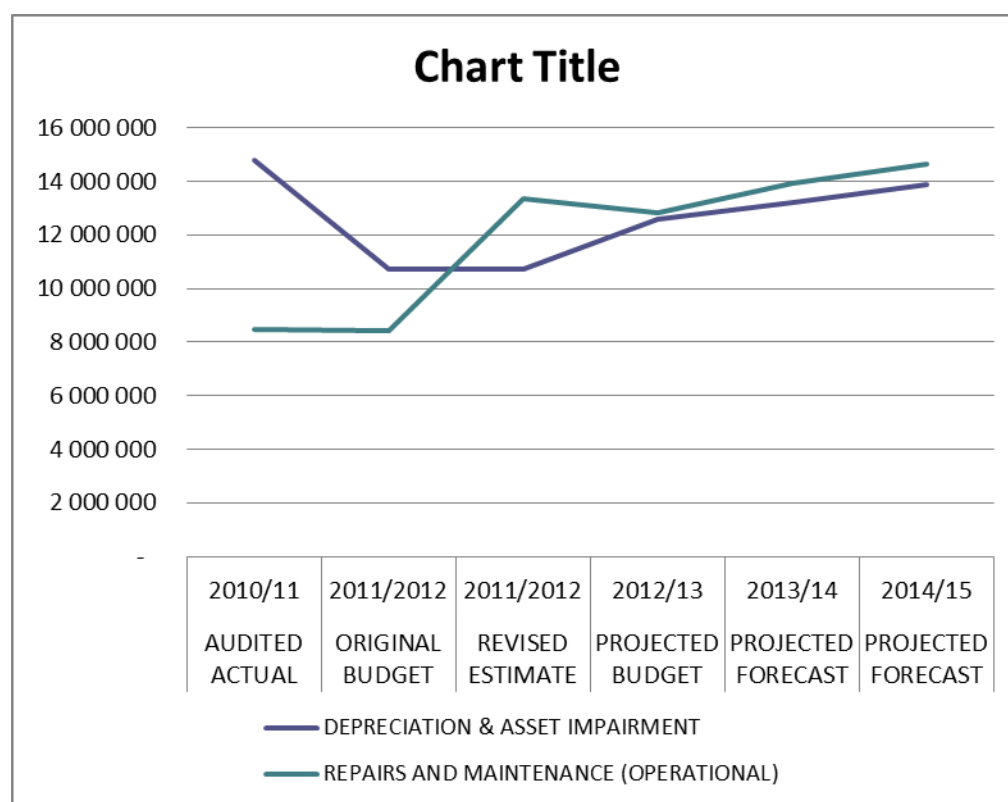


Figure 4 Depreciation in relation to repair and maintenance over the MTREF

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1									
<u>Depreciation by Asset Class/Sub-class</u>										
<u>Infrastructure</u>		9 449	15 905	17 084	9 831	13 053	13 053	14 066	14 769	15 507
Infrastructure - Road transport		9 204	15 905	17 084	9 831	13 053	13 053	14 066	14 769	15 507
Roads, Pavements & Bridges		7 538	15 905	17 084	9 831	13 053	13 053	14 066	14 769	15 507
Storm water		1 667	-	-	-	-	-	-	-	-
Infrastructure - Electricity		245	-	-	-	-	-	-	-	-
Generation										
Transmission & Reticulation										
Street Lighting		245	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
<u>Community</u>		3 398	-	-	-	-	-	-	-	-
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		3 398	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
<u>Heritage assets</u>		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
<u>Investment properties</u>		-	-	-	-	-	-	-	-	-
Housing development										
Other										
<u>Other assets</u>		1 836	-	-	-	-	-	-	-	-
General vehicles		739	-	-	-	-	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		-	-	-	-	-	-	-	-	-
Computers - hardware/equipment		381	-	-	-	-	-	-	-	-
Furniture and other office equipment		142	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		574	-	-	-	-	-	-	-	-
Other Buildings		-	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<u>Agricultural assets</u>		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
<u>Biological assets</u>		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
<u>Intangibles</u>		25	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other (list sub-class)		25	-	-	-	-	-	-	-	-
Total Depreciation	1	14 709	15 905	17 084	9 831	13 053	13 053	14 066	14 769	15 507
<u>Specialised vehicles</u>		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-

**Table 9 MBRR Table A10 - Basic Service Delivery
Measurement**

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)	3	3	3	3	4	4	4	4	4	5
<i>Minimum Service Level and Above sub-total</i>		3 400	3 400	3 400	3 800	3 800	3 800	4 000	4 200	4 500
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	3 400	3 400	3 400	3 800	3 800	3 800	4 000	4 200	4 500
Refuse:										
Removed at least once a week	4	4	4	5	5	5	5	5	5	5
<i>Minimum Service Level and Above sub-total</i>		4 400	4 400	4 500	4 550	4 550	4 557	4 600	4 650	5 000
Removed less frequently than once a week	4	4	4	5	5	5	5	5	5	5
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		4 400	4 400	4 500	4 550	4 550	4 557	4 600	4 650	5 000
Total number of households	5	8 800	8 800	9 000	9 100	9 100	9 114	9 200	9 300	10 000
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kw h per household per month)	0	1	2	4	4	4	4	9	12	18
Refuse (removed at least once a week)	0	1	2	4	4	4	4	9	12	18
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kw h per household per month)	239	1 316	420	2 160	2 160	2 160	2 160	2 376	2 614	2 875
Refuse (removed once a week)	327	235	3 036	1 994	1 994	1 994	1 994	2 193	2 413	2 654
Total cost of FBS provided (minimum social package)		566	1 551	3 456	4 154	4 154	4 154	4 569	5 026	5 529
Highest level of free service provided										
Property rates (R value threshold)		-	-	30 000	30 000	30 000	30 000	30 000	30 000	30 000
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kw h per household per month)	50	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	37	40	44	89	89	89	89	95	102	109
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		-	-	-	-	-	-	-	-	-
Property rates (other exemptions, reductions and rebates)		-	-	5 588	5 812	6 044	-	6 649	7 314	8 045
Water		-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-
Electricity/other energy	239	1 316	420	2 160	2 160	2 160	2 160	2 376	2 614	2 875
Refuse	327	235	3 036	1 994	1 994	1 994	1 994	2 193	2 413	2 654
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of free services provided (total social package)	6	566	1 551	9 045	9 966	10 198	4 154	11 218	12 340	13 574

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The budget provides for 13500 households to be registered as indigent in 2014/15, and therefore entitled to receiving Free Basic Services. The number is set to increase to 175 00 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
3. It is anticipated that these Free Basic Services will cost the municipality R10 million in 2014/15, increasing to R13 million in 2016/17. This is covered by the municipality's equitable share allocation from national government.

2 Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

2.1.1. The process followed in compiling the 2014/15 Budget can be summarised as follows:

- a) Council Adopted a Budget Timetable on 02 August 2013.
- b) The Budget & Finance Standing Committee Compiled Budget Assumptions and recommended same to Council for adoption. During this meeting the Budget, Tariff, Rates, Indigent and SCM Policies were reviewed. No amendments were recommended as the policies were approved less than 4 months prior to this meeting;
- c) The CFO presented the Budget Assumptions and Guideline to the General Manager in September 2013;
- d) IDP / Budget Outreaches were held in April 2014. Councillors, Managers and support staff were divided in six (6) teams and all wards were visited during one (1) week.
- e) In February 2014 a Strategic Planning Workshop was held during which Standing Committees in their various commissions developed their respective KPA's and objectives for 2014/2015;
- f) The Budget Office compiled a Draft Budget which was present to Management, the Budget & Finance Standing Committee and EXCO during March 2014;
- g) The Draft Budget for 2014/2015 was tabled to Council by the Mayor on 31 March 2014;
- h) The Final Budget was submitted to Provincial Treasury and to National Treasury during 31 March 2014;
- i) On the 31 March 2014 Council considered and adopted the IDP, Budget, Tariffs and all budget related schedules and policies.

2.1.2. Input from Stakeholders

The following input was received:

- a) Provincial Treasury

- i. Grants must equal those as indicated by Dora, especially ENERP
- ii. Big variances between previous year's figures and current year's figures must be verified; and
- iii. The Budget Document must comply with the new format, e.g. Mayors Report, Municipal Manager Quality Certificate and support schedules must be attached.

b) Certain Ward Residents

- i. Electricity supply in certain wards.

c) General Input during Outreaches

- i. The Budget must be ward based; and
- ii. The Budget must indicate all programmes and activities that will be held in the wards.

d) Rate payers requested a reduction on rate Randages.

2.2 Overview of alignment of annual budget with IDP

The development of the IDP of 2013-2018 and the 2014/2015 Budget Compilation were done simultaneously. During the Community Participation Process IDP priorities and the implications it will have on the current and future budgets were discussed. Community input in this regard was invited and included in both the IDP and the 2014/2015 Budget. Only capital items listed in the IDP was included in the Budget, funds permitting.

The Municipal Departments are aligned with the 5 Local Government Key Performance Areas. The Department's strategies are therefore linked to the 5 KRA's Details of the Budgets allocated to the various departments are reflected in schedules SA4-6.

The Departmental SDBIP contains projects and programmes listed in the IDP. The General Manager's performances plan is linked to the Departmental SDBIP.

The SDBIP marries the Performance Management System with the budget and the IDP. Thus the strategic Direction mapped out in the IDP is matched with financial resources and delivery of services as specified in the PMS.

The SDBIP allows the budget to be implemented fully as it identifies:

- The Strategic Imperative – Through link with the IDP.
- The Financial Imperative – Through links with the Budget
- The Performance Imperative – Through links to the PMS

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South Africa society can only be realised through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A Municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst other, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with Nation and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the City, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the City strategically complies with the key national and provincial priorities.

The aim of the revision cycle was develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the City's response to these requirements.

The national and provision priorities, policies

- Green Paper on National Strategic
- Government Programme of Action
- Development Facilitation Act of
- Provincial Growth and Development
- National and Provincial Spatial Development Perspectives;
- Relevant Sector plans such as transportation, Legislation and policy;
- National Key Performance Indicators (NKPI's);
- Accelerated and Shared Growth
- National 2014 Vision;
- National Spatial Development

- The National Priority Outcomes

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2014/2015 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 28 IDP Strategic Objectives

2013/2014 Financial Year		2014/2015 MTREF	
1	The Provision of quality Basic Services and Infrastructure	1	Provision of quality Basic Services and Infrastructure
2	Acceleration of higher and shared economic growth and development	2	Economic growth and development that leads to sustainable job creation
3	Fighting of Poverty, building clean, healthy, safe and sustainable communities	3.1	Fighting of Poverty, building clean, healthy, safe and sustainable communities
		3.2	Integrated Social Services for empowered and sustainable communities
4	Fostering participatory democracy and adherence to Batho Pele principles through a caring, accessible and accountable service	4	Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
5	Good governance, Financial viability and institutional governance	5.1	Promote sound governance
		5.2	Ensure financial sustainability
		5.3	Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the city to align its budget with that of national and provincial government. All

spheres of government place a high priority on infrastructure development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic service and infrastructure which includes, amongst others:
 - Provide Electricity
 - Provide Water
 - Provide Sanitation
 - Provide Waste Removal
 - Provide Housing
 - Provide Roads and Storm Water
 - Provide Public Transport
 - Provide City Planning Service; and
 - Maintaining the Infrastructure of the City
2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the city;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
3. Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;
 - Working with the Provincial Department of Health to provide primary health care services;
 - Extending waste removal services and ensuring effective city cleansing;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.1 Integrated Social Services for empowered and sustained communities
 - Work with Provincial Departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
 - Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the Revenue Management Strategy.

- 5.1 Promote sound governance through:
 - Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
 - Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
 - Review of the organizational structure to optimize the use of personal;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the City. The five-year programme responds to the development challenges and opportunities faced by the City by identifying the key performance areas to achieve the five strategic objectives mentioned above.

In addition to the five-year IDP, the City undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the City so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the City's IDP, associated scrolal plans and strategies, and the allocation of resources of the City and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building Social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals

Lessons learned with Previous IDP revision planning cycles as well as changing environments were taken into consideration in the compilation for the fourth revised IDP, including;

- Strengthening the analysis and strategic planning processes of the City;
- Initiating zoned planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

Table 10MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand												
Good Governance and Public Participation	Executive & Council			1 811	474	477	1 926	14 227	14 227	280	–	–
Municipal Financial Viability and Management	Budget & Finance			88 655	111 240	136 826	157 702	179 619	179 619	228 745	193 780	203 381
Transformation and Institutional Development	Corporate Services			434	317	1 600	1 600	1 600	1 600	300	210	221
Basic Service Delivery and Infrastructure Investment	Community Services			5 530	5 285	11 342	20 869	21 595	21 595	19 932	16 211	16 807
Local Economic Development	Economic & Development Planning			22 954	27 393	37 996	79 378	87 469	87 468	58 822	41 413	43 183
Basic Service Delivery and Infrastructure Investment	Technical Services			70 650	44 542	37 309	100 017	75 180	75 181	67 383	75 487	83 059
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	190 034	189 252	225 550	361 491	379 690	379 690	375 461	327 100	346 650

Table 30MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand												
Good Governance and Public Participation	Executive & Council			20 140	26 366	29 224	32 689	45 786	45 786	36 122	37 969	40 174
Municipal Financial Viability and Management	Budget & Finance			17 672	29 213	95 386	40 588	47 742	45 296	58 120	59 351	62 767
Transformation and Institutional Development	Corporate Services			9 911	11 249	16 697	23 922	25 150	25 150	30 364	32 180	34 394
Basic Service Delivery and Infrastructure Investment	Community Services			12 871	13 360	19 614	35 328	36 487	38 934	29 229	32 921	34 272
Local Economic Development	Economic & Development Planning			28 323	38 251	52 399	46 086	50 427	50 427	64 034	63 370	67 157
Basic Service Delivery and Infrastructure Investment	Technical Services			58 955	35 734	39 981	38 867	39 555	39 555	40 013	42 160	44 392
Allocations to other priorities												
Total Expenditure			1	147 871	154 173	253 302	217 479	245 148	245 148	257 881	267 951	283 156

Table 11MBRR Table SA6- Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand												
Good Governance and Public Participation	Executive & Council	A		933	6	23	1 555	1 555	1 555	221	–	–
Municipal Financial Viability and Management	Budget & Finance	B		2 656	527	11 900	11 300	11 300	11 300	2 171	–	–
Transformation and Institutional Development	Corporate Services	C		14	36	638	1 400	1 400	1 400	1 843	–	–
Basic Service Delivery and Infrastructure Investment	Community Services	D		6 280	4 304	2 178	7 420	6 464	6 464	5 013	–	–
Local Economic Development	Economic & Development Planning	E		264	498	786	20 255	16 605	16 605	915	–	–
Basic Service Delivery and Infrastructure Investment	Technical Services	F		25 470	31 127	45 210	101 863	86 368	86 368	107 414	78 033	64 908
Allocations to other priorities				3								
Total Capital Expenditure			1	35 616	36 498	60 735	143 793	123 692	123 692	117 577	78 033	64 908

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



Figure 5 Planning, Budgeting and Reporting Cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitor and checking on the progress against plan);
- Measurement (indicators of success)
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary)

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury:

Figure 6 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

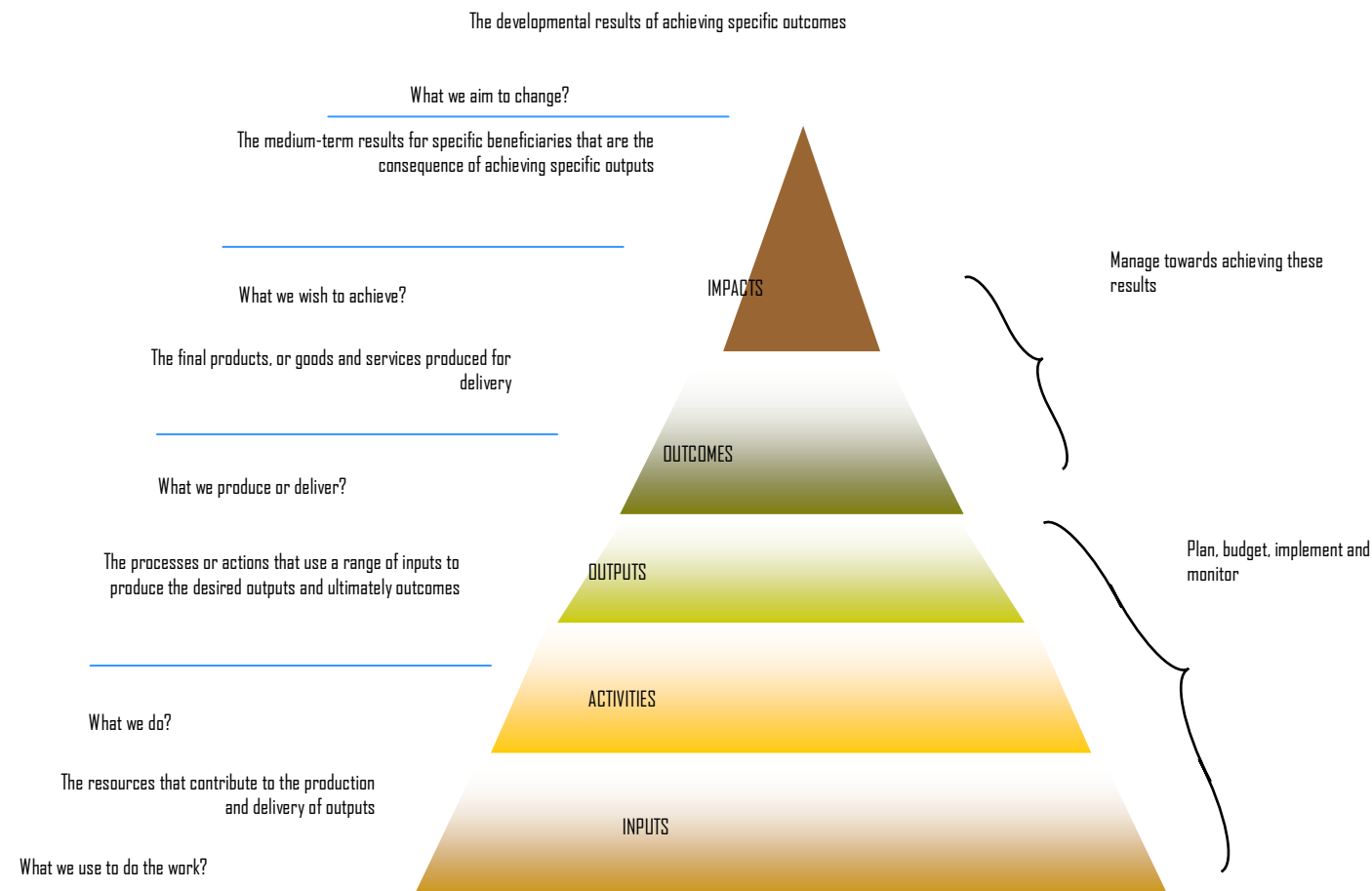


Figure 6 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year

Table 32MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Vote 1 - vote name							
No of staff trained in finance management	Training schedule				No of people formally trained.		
No of staff meetings	Minutes				12		
To launch a program aimed at accrediting Financial/ non-technical officials/councillors with IMFO	Registration Certificates				30/06/2015		
Launch a program aimed at accrediting Financial officials as CA/CPA's	CA/CPA's Training				30/06/2015		
Computer Training	No. of staff trained				No of people formally trained.		
Undertake a study aimed at identifying and address critical gaps in line with JIPSA and Competency levels of Financial Officers/ SCM	Competency levels				Annually		
Issue of staff with PC's	No. of staff issued				20		
Installation of antivirus software	Update Reports				Monthly		
Updating of Abakus Financial System	New Release Dates				Half Yearly		
Updating of PayDay Payroll System	New Release Dates				Annually		
Maintenance of hardware	Asset Verification Report				Quarterly		
Valuation Roll Maintenance	Amended Valuation Roll				Quarterly		
Develop and implement an IT Strategy for Department	Strategy Document				Annually		
Table for consideration and approval of draft	Risk Management Plan				1		
Risk Management & Fraud Prevention Plan	Fraud Prevention Workshop				1		
Develop a comprehensive office requirement plan informed through needs analysis	Plan				Annually		
Communicate needs through applicable department	Plan				Annually		
Identify economic opportunities and liaise with internal structures	Plan				Annually		
Appointment of Department Safety Liaison	Letter of Appointment				31/09/2015		

Officer							
Review written delegations in line with delegations policy. Review powers and functions, roles and responsibilities	Delegation Framework Policy				Annually		
To comply with the MFMA	% compliance with the requirements of the MFMA				Monthly		
To enhance financial management practices within Matatiele to sustain the institution as a going concern	Debt coverage (Asset Test Ratio)				Monthly		
To enhance financial management practices within Matatiele to sustain the institution as a going concern	Cost Coverage Ratio				Monthly		
To enhance financial management practices within Matatiele to sustain the institution as a going concern	Outstanding debtors days (Debt Coverage Ratio)				Monthly		
Sub-function 2 - Budget Planning & Financial Reporting							
No of staff trained in finance management	No. of monthly reports				12		
Quarterly reporting to council	No. of quarterly reports				4		
Annual details of bank account (Sec.9b)	Before 30 June each year				30-Jun-14		
Quarterly reporting on withdrawals	No. of quarterly reports				4		
Mid-year budget (Sec.72)	Before 25 January each year				25-Jan-14		
Bank reconciliation's	No. of reconciliations				12		
Investments	No. of bank certificates				4		
Investment policy (annual review)	Date approved				30-Jun-15		
Review of policies	Date policies reviewed by Council - Credit Control and Debt Collection, Tariff, Procurement, Indigent Management, Budget, Risk Management, Rates, Fixed Assets and Accounting, Banking and Investment				30-Jun-15		
Payment of interest & redemption	Cheque vouchers				Bi-annually		
Reconciliation with general ledger	Reconciliation				Bi-annually		
Inclusion in financial statements	Appendix A				Annually		
Time schedule	Date approved				31-Aug-13		

Tabling of annual budget	Date tabled				31-Mar-14		
Approval of annual budget	Date approved				30-May-14		
Public meetings	No. of meetings				7		
Undertake tariff setting during budget preparation process					Annually		
Align Budget with IDP					Annually		
Monthly reports to Managers i.r.o I & E	No. of budget reports				Monthly		
Age Creditors Analysis	12 Monthly Budget Reports				10 working days after end of month		
Age Debtors Analysis	12 Monthly Budget Reports				10 working days after end of month		
Capital Acquisition Actuals	12 Monthly Budget Reports				10 working days after end of month		
Statement of Financial Performance (actuals)	12 Monthly Budget Reports				10 working days after end of month		
Cash Flow actuals	12 Monthly Budget Reports				10 working days after end of month		
Finance Management Grant	12 Monthly Budget Reports				10 working days after end of month		
Restructuring Grant	12 Monthly Budget Reports				10 working days after end of month		
Municipal Systems Implementation Grant	12 Monthly Budget Reports				10 working days after end of month		
Municipal Infrastructure Grant	12 Monthly Budget Reports				10 working days after end of month		
List of Municipal Entities	4 Quarterly Reports				24 Working days after end of quarter		
Long Term Contracts	4 Quarterly Reports				24 Working days after end of quarter		
Implementation Priorities	4 Quarterly Reports				24 Working days after end of quarter		
Borrowing Monitoring	4 Quarterly Reports				24 Working days after end of quarter		
Competency Levels	2 Half yearly Reports				24 working days after end of six months		
MFMA Evaluation by MM S72	1 Yearly Reports				25-Jan		

Standard Budget return form to analyst	1 Yearly Reports				24-Jan		
Revised Capital Budget	1 Yearly Reports				24-Jan		
Revised Operating Budget	1 Yearly Reports				24-Jan		
Revised Balance Sheet	1 Yearly Reports				24-Jan		
Capital Acquisition Audit	1 Yearly Reports				Audit Outcomes whenever receive from AG		
Operating Audited	1 Yearly Reports				Audit Outcomes whenever receive from AG		
Balance Sheet Audited	1 Yearly Reports				Audit Outcomes whenever receive from AG		
Adjustment budget	Date revised budget approved				Jan-14		
Trial balance preparation	Date completed				Jul-14		
Reconciliation with general ledger	Date completed				Aug-14		
Working papers for year-end transactions	Date completed				Aug-14		
Accounting policies i.r.o statements	Date completed				Aug-14		
CFO report on statements	Date completed				Aug-14		
GAMAP/GRAP conversion	Ledger and trial balance and I & E statement in GRAP format - date finalised				28-Aug-14		
Completed financial statements	Date completed				29-Aug-14		
Submission to A-G & Province	Date completed				30-Aug-14		
Exceptions	Quick and efficient responses to Audit Queries.				30-Sep-14		
Unspent Grants	Budget Adjustment in line with AFS.				100%		
Equitable Share	% Received				100%		
MSIG	% Received				100%		
FMG	% Received				100%		
Sub-function 3 - Assets and Supply Chain Management							
Insurance of assets & liabilities	Renewal Document				100%		

Financial regulations review	Regulations				Annually		
Delegations review	Delegations				Annually		
Procure debt management and credit control operating system	System Implementation				Annually		
Fleet Management	Log books & tracking system				All Vehicles		
Compliance with SCM Regulations	Survey				12		
Supply Chain Management Policy Review	Policy				30/06/2014		
Tender Adjudications	Committee Meeting Minutes				Monthly		
Implementation of Supply Chain Management Policy	Internal Audit Report				Quarterly		
Compile delegations	SCM delegations				Annual		
Establish SCM unit under CFO	SCM unit				30/06/2013		
Align with new threshold values	Policy				Annual		
Establish new bid committees	Committees				Annual		
Compile internal procedures and processes	Procurement Manual				30/06/2014		
Compile list of suppliers	Updated suppliers data base				Monthly		
Training of practitioners	Training courses				10		
Approval of tenders not recommended.	Monthly reports to AG, PT and				Quarterly		
Inventory control	Frequency of inventory lists				Quarterly		
Updating of assets register	Frequency of updates				Quarterly		
Disposal of assets	Date of report to Council				30/06/2014		
Additional assets aquired.	Amount Spent				30/06/2014		
Sub-function 4 - Revenue, Debt & Expenditure Management							
Creditors paid	30 days				No of creditors days		
Salaries and allowances paid on time	Payroll Payment Date				100%		
To improve key financial viability and liquidity indicators:	Reduce Outstanding Debt				Bi-monthly		
Tariff adjustments	Date Advertised				R15m		
Debtors reconciliation	No. of reconciliations				Annually		

Additional revenue	Rand value of additional revenue secured				Monthly		
Launch on-going data cleansing programme (in-house) Implement full blown credit control in accordance with Council Policy					Monthly		
Rates Income	Check I&E				Monthly		
Interest on External Investments	Check I&E				Monthly		
Interest on Outstanding Debtors	Check I&E				Monthly		
Other Income	Check I&E				Monthly		

12MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.8%	0.4%	1.7%	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2.3%	0.9%	5.8%	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	-1.7%	-0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	2.4	3.0	3.7	3.7	3.7	3.7	3.7	5.1	4.6	4.2
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.4	3.0	3.7	3.7	3.7	3.7	3.7	5.1	4.6	4.2
Liquidity Ratio	Monetary Assets/Current Liabilities	1.8	2.6	2.8	2.8	2.8	2.8	2.8	4.1	3.8	3.4
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		73.6%	119.0%	101.6%	99.9%	99.9%	99.9%	99.9%	100.0%	100.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		73.6%	119.0%	92.3%	99.9%	99.9%	99.9%	99.9%	100.0%	100.0%	100.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	12.4%	8.1%	11.4%	7.1%	6.8%	6.8%	6.8%	6.8%	8.5%	7.5%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		20.8%	13.7%	15.5%	7.4%	4.0%	4.0%	4.0%	7.2%	9.9%	11.5%
Employee costs	Employee costs/(Total Revenue - capital revenue)	19.9%	24.5%	25.4%	21.2%	20.1%	20.1%	20.1%	29.1%	40.0%	37.9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	25.3%	29.8%	30.2%	24.7%	23.5%	23.5%		34.2%	36.2%	32.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	8.4%	8.7%	9.5%	3.3%	3.4%	3.4%	2.6%	4.5%	5.9%	5.5%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	7.9	8.1	13.3	26.9	26.9	26.9	-	-	-	-
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	52.7%	29.4%	45.7%	32.6%	27.3%	27.3%	27.3%	26.4%	25.1%	23.9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	7.4	10.6	4.3	10.8	18.4	18.4	18.7	6.8	5.3	4.7

Vote Indicator	Unit of Measurement
Municipal Finance Management Act, Monthly reporting to Mayor (Section 71) Quarterly reporting to council	No. of monthly reports No. of quarterly reports

Annual details of bank account (Sec.9b)	Before 30 June each year
Quarterly reporting on withdrawals	No. of quarterly reports
Mid-year budget (Sec.72)	Before 25 January each year
Bank reconciliation's	No. of reconciliations
Investments	No. of bank certificates
Investment policy (annual review)	Date approved
Review of policies	Date policies reviewed by Council - Credit Control and Debt Collection, Tariff, Procurement, Indigent Management, Budget, Risk Management, Rates, Fixed Assets and Accounting, Banking and Investment
Multi-year budget	
Time schedule	Date approved
Tabling of annual budget	Date tabled
Approval of annual budget	Date approved
Public meetings	No. of meetings
Financial Statements	
Trial balance preparation	Date completed
Reconciliation with general ledger	Date completed
Working papers for year-end transactions	Date completed
Accounting policies i.r.o statements	Date completed
CFO report on statements	Date completed
Completed financial statements	Date completed
Submission to A-G & Province	Date completed
GAMAP/GRAP conversion	Ledger and trial balance and I & E statement in GRAP format - date finalised
Budget Control	
Monthly reports to Managers i.e. I & E	No. of budget reports
Age Creditors Analysis	12 Monthly Budget Reports
Age Debtors Analysis	12 Monthly Budget Reports
Capital Acquisition Actual	12 Monthly Budget Reports
Statement of Financial Performance (actual)	12 Monthly Budget Reports
Cash Flow actual	12 Monthly Budget Reports
Finance Management Grant	12 Monthly Budget Reports
Restructuring Grant	12 Monthly Budget Reports
Municipal Systems Implementation Grant	12 Monthly Budget Reports
Municipal Infrastructure Grant	12 Monthly Budget Reports
List of Municipal Entities	4 Quarterly Reports
Long Term Contracts	4 Quarterly Reports
Implementation Priorities	4 Quarterly Reports
Borrowing Monitoring	4 Quarterly Reports
Competency Levels	2 Half yearly Reports
MFMA Evaluation by MM S72	1 Yearly Reports

Standard Budget return form to analyst	1 Yearly Reports
Raised Capital Budget	1 Yearly Reports
Revised Operating Budget	1 Yearly Reports
Revised Balance Sheet	1 Yearly Reports
Capital Acquisition Audit	1 Yearly Reports
Operating Audited	1 Yearly Reports
Balance Sheet Audited	1 Yearly Reports
Adjustment budget	Date revised budget approved
Asset Register	
Inventory control	Frequency of inventory lists
Updating of assets register	Frequency of updates
Disposal of assets	Date of report to Council
Loans Register	
Payment of interest & redemption	Cheque vouchers
Reconciliation with general ledger	Reconciliation
Inclusion in financial statements	Appendix A
Revenue Management	
Credit control & debt collecting	Report to sub committee
Debt Reduction	Outstanding Debt
Tariff adjustments	Date Advertised
Debtors reconciliation	No. of reconciliations
Expenditure Management	
Creditors paid	Creditors reconciliation
Salaries and allowances paid on time	Payroll
Insurance of assets & liabilities	Premiums
Financial regulations review	Regulations
Delegations review	Delegations
Training of staff	
No of staff trained in finance management	Training schedule
No of staff meetings competency levels	Survey
Supply Chain Management	
Compliance with SCM Regulations	Survey
Supply Chain Management Policy Review	Policy
Tender Adjudications	Committee Meetings
Department: Chief Financial Officer	
Vote: Information Technology	
Computer literacy	No. of staff trained
Issue of staff with PC's	No. of staff issued
Installation of antivirus software	Updates
Updating of Web page	Contents
Updating of Abacus Financial System	Reports
Updating of Payday Payroll System	Reports

<p>Maintenance of hardware</p> <p>Valuation Roll Maintenance</p> <p>GIS System Maintenance</p> <p>Review powers and functions, roles and responsibilities</p> <p>Final revised organizational structure to address key recommendations</p> <p>Table for consideration and approval a Final establishment plan</p> <p>Undertake a study aimed at identifying g and address critical gaps in line with JIPSA and Competency levels of Financial Officers/ SCM</p> <p>To launch a program aimed at accrediting Financial/ non-technical officials/councillors with IMFO</p> <p>Launch a program aimed at accrediting Financial officials as CA/CPA's</p> <p>Develop a comprehensive office requirement plan informed through needs analysis</p> <p>Communicate needs through applicable department</p>	<p>As Required</p> <p>Amended Valuation Roll</p> <p>As Required</p>
<p>Launch on-going data cleansing programme (in-house)</p> <p>Undertake tariff setting during budget preparation process</p> <p>Implement full blown credit control in accordance with Council Policy</p> <p>Procure debt management and credit control operating system</p> <p>Identify economic opportunities and liaise with internal structures</p> <p>To improve key financial viability and liquidity indicators:</p> <ul style="list-style-type: none"> · Acid Test Ratio · Cost Coverage Ratio · Debt Coverage Ratio <p>Budget framework is balances and modelled on actual revenue collected</p> <p>Implement Division of Revenue Act (DORA)</p> <p>Ensure compliance with prescribed accounting standards (Compliance with AFS preparation framework)</p>	

<p>Ensure compliance with prescribed accounting standards (Compliance with AFS preparation framework) and Council Policies</p> <p>Compile AFS in line with AFS preparations framework (GRAP)</p> <p>Preparation of section 52, 71 (DORA) & 72 reports</p> <p>Review written delegations in line with delegations policy</p> <p>Develop and implement and IT Strategy</p> <p>Supply Chain Management</p> <p>Development and implementation of Supply Management Policy</p> <p>Compile delegations</p> <p>Establish SCM unit under CFO</p> <p>Align with new threshold values</p> <p>Establish new bid committees</p> <p>Compile internal procedures and processes</p> <p>Compile list of suppliers</p> <p>Training of practitioners</p> <p>Approval of tenders not recommended in the normal course of the implementation of SCM</p> <p>Separation of duties in SCM</p> <p>Revenue Management</p> <p>Additional revenue</p>	<p>Monthly monitoring</p> <p>SCM delegations</p> <p>SCM units</p> <p>Policy</p> <p>Committees</p> <p>Policy</p> <p>Updated suppliers data base</p> <p>Training courses</p> <p>Monthly reports to AG, PT and NT</p> <p>Implementation of SCM policy</p> <p>Rand value of additional revenue secured</p>
<p>Department: Municipal Managers Office</p> <p>Vote: Administration</p> <p>Full Council meetings</p> <p>Executive Committee meetings</p> <p>Budget Control for departmental expenditure.</p> <p>Vote: Executive and Council</p> <p>Oversee the strategic planning for the Municipality that will ensure alleviation of poverty and the facilitation of sustainable development</p> <p>Strategically manage the use of Council resources so that an economic, effective and efficient service is delivered</p> <p>Maintain overall responsibility as Chief Accounting Officer for all income and expenditure of Council, all assets and discharge of liabilities</p> <p>Lead direct and manage staff so that they are able to meet objectives of Council</p>	<p>Minutes</p> <p>Minutes</p> <p>Review budget</p> <p>IDP Review</p> <p>Proof of IDP review meetings</p> <p>Internal submissions</p> <p>Budget inputs to Mayor</p> <p>Develop and monitor SDBIP</p> <p>Link IDP to budget</p> <p>Budget approval by 31 May 2013</p> <p>Adoption of multi-year budget</p> <p>Monthly Mancos meetings</p> <p>Bi annual review of performance</p> <p>Agreements</p>

<p>Oversee the implementation of the Employment Equity Plan so that it is dealt with in accordance with legislation</p> <p>Monitor and control the budget for the office of the Municipal Manager and Mayor</p> <p>Ensure good governance within the municipality so that transparency, public accountability, access to information, administrative justice and responsiveness to complaints are dealt With</p> <p>Develop and maintain relations with all other spheres of Government and to apply the spirit of co operative governance</p>	<p>Quarterly reports</p> <p>Monthly budget reports</p> <p>Exco meetings</p> <p>Council meetings</p> <p>Publication of budget</p> <p>Availability of web site</p> <p>No of meetings with COGTA</p> <p>Provincial Treasury</p> <p>District Council</p>
<p>Vote: Executive and Council</p> <p>Ensure that all the planning and reporting of the performance of the Municipality conforms to the requirements of the Municipal Systems Act and Municipal Finance Management Act</p> <p>Implementation of policies, by-laws and Regulations</p> <p>Credit control and debt collection policy</p> <p>Indigent policy</p> <p>Tariff policy</p> <p>Subsistence and travel policy</p> <p>Asset management policy</p> <p>Investment and cash management policy</p> <p>Debt management policy</p> <p>Investment regulations</p> <p>Public private partnership regulations</p> <p>Department: Corporate Services</p> <p>Vote: Administration</p> <p>Monthly reporting to Mayor (Section 71)</p> <p>Quarterly reporting to council</p> <p>Budget Control for departmental expenditure.</p> <p>Vote: Human Resources</p> <p>Recruitment and selection of staff</p> <p>Training and development</p> <p>Management training - senior management</p> <p>Labour relations. Disciplinary hearings and Grievances</p>	<p>Tabling of audit report and financial statements</p> <p>Policy</p> <p>Policy</p> <p>Policy</p> <p>Policy</p> <p>Policy</p> <p>Policy</p> <p>Policy</p> <p>Regulations</p> <p>Regulations</p> <p>No. of monthly reports</p> <p>No. of quarterly reports</p> <p>Review budget</p> <p>Number</p> <p>Number</p> <p>Number</p> <p>Number</p>

Occupational health and safety	Number
Change management, via sense of belonging, sense of ownership and pride in workshop in service delivery	Number
Induction training	Number
Operator/training IT, finance training and Development	Number
Learner ships for in house staff and communities	Number
Sexual harassment at the workplace	Number
Every employee to have a job description which is available for inspection and links to overall strategic objectives of the department	Number
Individual training plans including career development issues and progress against plans for inspection.	Number
Plans to be in accordance with the format Stipulated by the skills development plan.	Number
HR strategy developed with the participation of relevant stakeholders to include EE, SD, Salary Parity.	Number
Performance management remuneration etc	Number
Department: Community Services	
Vote: Administration	
Monthly reporting to Mayor (Section 71)	No. of monthly reports
Quarterly reporting to council	No. of quarterly reports
Budget Control for departmental expenditure.	Review budget
Vote: Library	
Membership	
Membership	Number
Circulation	
Books circulated	Number of books circulated
Lost Books	
Lost Books	Rand value of lost books
Vote: Protection Services	
Prosecutions	Number of prosecutions
Warrants	Number of warrants executed
Vehicle check points	Number conducted
Speed – camera	Number conducted
Road blocks	Number conducted
Vote: Public Amenities	
Town Hall Hire Matatiele	Hall hire per occasion
Town Hall Hire Cedarville	Hall hire per occasion

Nokhwezi Hall Hire	Hall hire per occasion
Harry Gwala Hall Hire	Hall hire per occasion
Msingisi Hall Hire	Hall hire per occasion
Library Hall Matatiele	Hall hire per occasion
Library Hall Cedarville	Hall hire per occasion
Community Functions	Hall hire per occasion
Rural Hall Hire	Hall hire per occasion
Various Site Rental	No of rental
Vote: Housing	
Housing consumer education	No. of beneficiaries trained
Completion of new houses	No. of houses completed
Applications captured	Number
Properties transferred	Number
Projects conditionally approved	Number
Vote: Cemetery	
Burials	No of
Plots	No of
Exhumation of body	No of
Widening of grave	No of
Memorial	No of
Vote: Sports, Recreation & Youth Development	
Matatiele sport council	No. of meetings
Matatiele youth council	No. of meetings
Children Per Occasion	No.of tickets sold
Adult Per Occasion	No.of tickets sold
Season Children	No.of tickets sold
Part Season Children	No.of tickets sold
Season Adults	No.of tickets sold
Part season Adult	No.of tickets sold
Local Club for practice per practice	No.of Games
Local Clubs per Game	No.of Games
Outside Clubs per game	No.of Games
Non sport function per day	No.of Games
Vote: Museum	
Visitors	Number of visitors
Vote: Nature Reserve	
various Farm rentals	
Chalet:6 bedded	Accommodation per room
Chalet:4 bedded	Accommodation per room
Angling: Annual	Accommodation per year
Angling: Daily	Accommodation per day
Camping p/p	Accommodation per day

Wood Sales	wood per ton
Vote: Pound	
Donkeys ,Horses, cattle, pigs, ostriches per head	No of
Sheep, goat per head	No of
Trespass fee per head	
Donkeys ,Horses, cattle, pigs ostriches per head	No of
Sheep, goat per head	No of
Substance per head per day	
Donkeys ,Horses, cattle ,pigs, ostriches per head	No of
Sheep, goat per head	No of
Cattle sales	No of
Driving fees with Vehicle p km	km Per Hr
Driving fees per foot km	km Per Hr
Vote: Property Services	
Unused municipal property that will be disposed by sale	Number
Lease agreements that will be signed	Number
Renewal and maintenance of existing leases	Number
Vote: Cemetery	
<u>Operating and maintenance</u>	
Cut grass at cemetery 3 times each per Season	
Cycle 1 end of September	Cycle
Cycle 2 end of December	Cycle
Cycle 3 end of March	Cycle
<u>Grave Markers</u>	
Design and purchase grave markers and place	Number
<u>Excavate graves</u>	
In-house or outsourced T.L.B and trim graves with labour	Number
<u>Maintain records and plans</u>	Percentage
<u>Maintain facilities</u>	
Erect public ablution facilities	No. of facilities erected
<u>Maintain fencing</u>	
As and when required	Meters of fencing maintained
<u>Capex</u>	
Public ablution facilities	No. of ablution facilities
<u>Training</u>	
Training on register	No. of staff trained
<u>Administration</u>	
Budget Control for departmental expenditure.	Review budget
Department: Planning and Development	

Vote: Administration Monthly reporting to Mayor (Section 71) Quarterly reporting to council Budget Control for departmental expenditure. Vote: Local economic development 1. No of learner ship/interns appointed 2. No of projects initiated 3. Appointment of LED co-ordinator Vote: Land Use Management 1. LUMS: initiated and in place 2. IDP development 3. Subdivisions approved 4. Planning applications processed	No. of monthly reports No. of quarterly reports Review budget Number Number Number Number Number Number Number
Vote: Publicity Association Establishment of publicity association	Establishment of Association
Department: Technical Services Vote: Roads	
<u>Operating and maintenance</u> <u>Repair Surfaced Roads – Potholes</u> 10m ³ per day <u>Road Marking</u> Paint marking 10m ² per day <u>Erect Street Name Signs</u> SMME's <u>Traffic Signs</u> Erect traffic signs <u>Gravel Roads</u> Grade roads <u>Capex</u> <u>Construct roads</u> Construct roads to surfaced standards <u>Roads rehabilitation</u> Refurbish roads <u>Training</u> Vote: Storm water Management	m ² m ² Number Number KM KM m ² Number
<u>Operating and maintenance</u> <u>Catch pits</u> Clear catch pits and manholes of silt and soil <u>Kerbs and channels</u> Desalt and clear kerbs and channels SMME's	No. of catch pits cleared

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Complete all capital projects	Percentage
Complete all grant funded capital projects	Percentage
Manage consultants and contractors on approved projects to complete within financial year	Percentage
Establish GIS unit	Number
Compile business plans	No. of business plans
Monthly reporting to Mayor (Section 71)	No. of monthly reports
Quarterly reporting to council	No. of quarterly reports
Vote: Revenue Management	
Income generation	% of budgeted income raised for Department
Vote: Sport and Recreation	
<u>Operating and maintenance</u>	
<u>Grass verge clearance</u>	
Thandanani Stadium Matatiele	Percentage
Bottom Fields Matatiele	Percentage
North End Stadium Matatiele	Percentage
DavisParkHarryGwalaPark	Percentage
Cedarville Stadium Cedarville	Percentage
Vote: Electricity Distribution	
<u>Operating and maintenance</u>	
Carry out pole inspections	Number
Respond to faults within one day	Percentage
<u>Capex</u>	
Upgrade old cables	KM
<u>Training</u>	
LV Lines	No. of staff trained

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Matatiele Local Municipality's borrowing strategy is primarily informed by the affordability of debt repayment. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2014/2015 MTREF:

2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2014/15 MTREF the current ratio is 1.2 in the 2014/15 financial year and 1.1 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately.

2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

2.3.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.3.1.6 Other Indicators

- The electricity distribution losses have been managed downwards from 14 per cent in the 2013/14 financial year to 9 per cent over the MTREF. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity by rolling out smart metering systems, including prepaid meters.
- Employee costs as a percentage of operating revenue continues to increase over the MTREF.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2014/15 financial year 20 000 registered indigents have been provided for in the budget with this figured increasing to 15 500 by 2015/16. In terms of the Municipality's indigent policy registered households are entitled to 50 kWh of electricity and free waste removal as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 39.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.4 OVERVIEW OF BUDGET RELATED POLICIES

As listed hereunder are all the policies that are current adopted by

Matatiele Local Municipality. All these policies can be viewed on the official municipal website www.matatiele.org.za

Approved Policies

- 1 Credit Control & Debt Collection Policy
- 2, 3 Banking & Investment Policy & Implementation Guide
- 4, 5 Fixed Asset Management Policy & Implementation Guide
- 6, 7 Budget Policy & Implementation Guide
- 8 Property Rates Policy
- 9 Transport Policy
- 10 Tariff Policy
- 11, 12 Supply Chain Management Policy & Code of Conduct
- 13 Indigent Policy
- 14 GRAP Framework Policy
- 15 Risk Management Policy
- 16 Data Backup Policy
- 17 Cash Management Policy
- 18 Special Service Tariff Policy
- 19 Grant & Donation Policy
- 20 Donor Finance Policy
- 21 Procurement Policy
- 22 Payment Policy
- 23 Virement Policy

24	Cash-Up Policy
25	Cash Shortage Policy
26	Electricity Policy
27	Credit Card Policy
28	Entertainment / Refreshment Policy
29	Customer Incentive Scheme Policy
30	Strategy to Improve Debtor Payment Policy
31	Customer Care Policy
32	Fraud Prevention & Response Plan Policy
33	Debt Capacity Policy
34	All Promulgated By-Laws
35	Borrowing Policy
36	Funding & Reserves Policy
37	Unclaimed Deposits Policy

2.5 Overview of Budget Assumptions

Arising from the above Overview of Economic Analysis, the following Budget Assumptions were made and are affected in the 2014/15 budget:

✚ Estimate Salary Increases

- 2014/15 – 6.78%
- 2015/16 – 8%
- 2016/17 – 8%

✚ Debt Impairment: the overall collection levels are estimate around 80% overall for the MLM.

Payment levels for the following revenue streams have been estimated as follows:

- Property Rates 95% (89% in 2014 / 2015)
- Electricity 90% (66% in 2014 / 2015)
- Refuse 90% (65% in 2014 / 2015)

✚ Indigent Support to increase from 1% to 30% of all registered indigents;

✚ Bulk Electricity purchases: MLM has assumed no tariff increase from Eskom and will increase its tariffs with 7.39% as determined by NERSA;

✚ Other expenditure: In order to accommodate the increases in salaries, bulk purchases, debt

Impairment and depreciation, it means that all other expenditure will increase at a reduced rate or maintained at the current levels;

✚ Matatiele Local Municipality will continue with its current powers and functions;

- ✚ Government grants for the years 2014/2015 to 2016/2017 are as per the Division of Revenue Act, assuming that all allocations will be received;
- ✚ The inflation rate has been estimated at 6,5% per annum;
- ✚ Growth in staff related costs has been provided for in the budget at 6.7% per annum, growth in the remaining expense items range from 0% to 10%;
- ✚ Provision has been made for tariff increases relating to services at an average rate of 5% per annum; and
- ✚ Provision was made to contribute to the Provision for Leave Reserve. However, staff will be encouraged to redeem their leave.

Table 34 Credit Rating outlook

	Currency	Rating	Annual rating	Previous Rating
Security class			Oct-13	
Short term	Rand	Prime -1	20-Apr-14	Prime -1
Long-term	Rand	Aa3	20-Apr-14	Aa3
Outlook	Rand	Negative	20-Apr-14	Negative

WITHOUT VAT

		New Tariff Vat Excluded	Increase	New Tariff Vat Excluded	Increase
1	REFUSE REMOVAL CHARGES	2013/2014		2014/2015	
1.1	<i>Domestic Removals</i>				
(a)	Every owner or occupier of premises from which refuse is removed twice weekly shall pay the Council a fee of per bag per month.	R 93.48	5%	R 98.15	5%
1.2	<i>Commercial Removals</i>				
(a)	Each individual/separate business shall be charged a basic service charge per month.	R 140.20	5%	R 147.21	5%
1.3	In addition to 1.2 every owner or occupier of business premises from which refuse is removed, shall pay the Council a fee of per bag per month, removal twice weekly.	R 140.20	5%	R 147.21	5%
1.4	Provided that Council may at any time conclude separate agreements with commercial users who require that refuse be removed more than twice a week. The above tariff shall be the applicable tariff.				
1.5	<i>Removal from Separate Consumers on same Premises</i> Where refuse is removed from shops and dwellings or flats situated on the same premises such shops and dwellings or flats shall be regarded as separately occupied buildings, and the charges for the removal of refuse shall be as prescribed in applicable scales.				
1.6	<i>Availability Charge</i> A availability fee , is charged to any vacant commercial erven located in the town areas of Cedarville, Matatiele and Maluti.	R 200.00	0%	R 200.00	0%

	A availability fee , is charged to any vacant domestic erven located in the town areas of Cedarville, Matatiele and Maluti.	R 100.00	0%	R 100.00	0%
2 BUILDING PLAN FEES					
2.1	The fees payable for plans of any building submitted in terms of the building regulations shall be calculated at R6.00 per R1 000 or part thereof in respect of total estimated cost of the work, subject to a minimum charge of R1 000. Building Cost is calculated at R2 500 per m². This calculation is used to calculate the building plan fees for buildings in excess of 100m² and major alterations to existing buildings.				
2.1.1	Building less than 80m².	R 201.75	R 0.00	R 211.84	5%
2.1.2	Building less than 100m².	R 543.86	R 0.00	R 571.05	5%
2.1.3	Building more than 100m². Tariff 2.1 is applicable				
2.2	Builders Deposits The following deposits must be paid by building contractors/owners in a developed area, prior to the commencement of any work:				
(a)	Extensions less than 100m ² or part thereof as determined by the Building Inspector but not more than	R 207.02	R 0.00	R 207.02	R 0.00
(b)	Extensions more than 100m ² but less than 200m ² or part thereof	R 942.11	R 0.00	R 942.11	R 0.00
(c)	Extensions more than 200m ² but less than 500m ²	R 3 923.68	R 0.00	R 3 923.68	R 0.00
(d)	Extensions more than 500m ² or part thereof	R 5 492.11	R 0.00	R 5 492.11	R 0.00
2.3	Penalty Deposits will be forfeited after 7 days from date of completion certificate, should the Developer/Contractor not have the sidewalk/pavement cleared within such period.				

2.4 Exemption Certificate

Fee payable for minor building work as contemplated in Section 13 of the National Building Regulations and Building Standards Act, 1977(Act 103 of 1977) as amended

R 100.00

0%

R 100.00

0%

3 POUND FEES

3.1	Schedule B: Rate of Compensation for all animals delivered to the pound, per head.	R 16.67	0%	R 16.67	0%
3.2	Schedule C: Trespass on private land Description of animal				
	Donkeys, Horses, Cattle, Pigs and Ostriches, per head per day	R 13.16	0%	R 13.16	0%
	Sheep and goats per head per day	R 8.77	0%	R 8.77	0%
3.3	Schedule E: Pound Fees Description of animal				
	Donkeys, Horses, Cattle, Pigs and Ostriches	R 13.16	0%	R 13.16	0%
	Sheep and Goats	R 8.77	0%	R 8.77	0%
3.4	Schedule F: Sustenance fees Description of animal				
	Donkeys, Horses, Cattle, Pigs and Ostriches, per head per day	R 21.93	0%	R 21.93	0%
	Sheep and Goats, per head per day	R 13.16	0%	R 13.16	0%

4 SWIMMING BATH

4.1	<i>Single Tickets</i> Entrance, per occasion				
(a)	Adults	R 10.53	20%	R 12.63	20%
(b)	Scholars and Children	R 5.26	20%	R 6.32	20%

4.2	<i>Season Tickets</i>				
	Bath only, not transferable				
(a)	Adult (Full Season)	R 157.89	20%	R 189.47	20%
(b)	Adult (Part Season - valid for one month from day issue)	R 78.95	20%	R 94.74	20%
(c)	Scholars and children (Full Season)	R 78.95	20%	R 94.74	20%
(d)	Scholars and children (Part Season valid for one month from day of issue)	R 31.58	20%	R 37.89	20%
	For the purposes of this Section "scholars" shall mean any scholars attending a primary or secondary school and "children" shall mean any children who have not reached the age of 17 years; provided that children have not reached the age of five years may be admitted free of charge if accompanied and under the care of a responsible adult.				
	School Swimming Classes				
	The Council may permit school swimming classes to use the bath free of charge at such times as the Council may determine from time to time provided that the pupils of such swimming classes are accompanied by and under the control of a responsible teacher.				

5 FIRE SERVICES

The charges payable for services rendered or materials supplied by the Council's Fire Department and for the use or the Department's Equipment, appliances and water, in connection with the preservation of life and property against fire, accident or other mishap, whether on private property or otherwise shall be as follows:

5.1	For the services rendered involving the making available of any appliances, together with the attendance of personnel, the charges shall be as follows:				
(a)	Fire fighting and life-saving, per hour or part thereof	R 359.65	0%	R 359.65	0%
(b)	Travelling costs: Fire tenders per km or part thereof	R 13.16	0%	R 13.16	0%
(c)	Subsidized vehicles and any other equipment, materials used during a fire by officials of the Council	Cost plus 10%		Cost plus 10%	

6 ELECTRICITY CHARGES

The charges payable by consumers for the supply of electricity shall be as follows:

Subject to the approval by the National Electricity Regulator.

6.1	Scale 1: Domestic Consumers				
(a)	Basic charge, single or three phase per household per month. Plus the following kWh charges per month.	R 272.71	1%	R 292.86	7%
	0-50	0.64	5.40%	0.68	5.50%
	51-350	0.83	9.00%	0.88	6.50%
	351-600	1.09	0.00%	1.17	7.39%
	600 over	1.28	0%	1.37	7%
(b)	Scale 2: Commercial & Other Consumers				
	Basic charge of consumers with the following kVA installed per month				
	0 - 25 KVA	307.96	0%	330.72	7%
	26 - 64 KVA	1127.32	0%	1210.63	7%
	65 KVA and more	6755.63	0%	7254.87	7%
	plus the following kWh charge per month:				
	0 - 2000 kWh	1.20	0%	1.29	7%
	2000 - and more	1.20	0%	1.29	7%
(c)	Scale 3: Pre-Paid Metre Units				
	Domestic:				
	0-50	0.64	5.40%	0.68	5.50%
	51-350	0.83	9.00%	0.88	6.50%
	351-600	1.09	0.00%	1.09	7.39%
	600 over	1.28	0%	1.37	7%
	Commercial:				
	0 - 2000 kWh	1.20	0%	1.29	7%
	2000 - and more	1.20	0%	1.29	7%

6.2	(d) <i>Scale 4: Schools/School Hostels</i>				
	"Schools defined as the majority of its Teachers paid for by the Government or State Education Department."				
	Basic Charges per month,	217.17	0%	233.22	7%
	0 - 2000 kWh	0.82	0%	0.88	7%
	2000 - and more	0.82	0%	0.88	7%
	<i>Special Agreements</i>				
	The Council reserves the right in special circumstances to enter into special agreements subject to the approval of the Premier of the supply of electrical energy to consumers.				
6.3	<i>Change of Scale</i>				
	Where a consumer elects to change from any one scale to any other scale, he shall notify the Town Clerk in writing at least 30 days prior to the date on which the elected scale shall take effect, and shall remain on such elected scale for a period of not less than 12 months.				
6.4	<i>Supply to Separate Consumers on same Premises</i>				
	Where electricity is supplied to shops and dwellings or flats situated on the same premises such shops and dwellings or flats shall be regarded as separately occupied buildings, and the charges for the supply of electricity shall be as prescribed in applicable scales.				
6.5	<i>Payment of Accounts</i>				

(a)	All accounts for the supply of electricity shall become due and payable on demand but not later than the last working day of the month following the month to which such accounts relate. Any account which remains unpaid after such date shall be subject to a penalty of 1,5%.				
(b)	The Council may disconnect the supply of electricity where any account remains unpaid at the end of the month following the month in respect of which such account was rendered and the supply of electricity shall only be resumed on payment of a charge of R46.64.00 in addition to all other outstanding charges.	R 63.85	17%	R 74.70	17%
(c)	Consumers shall be responsible for obtaining statements of their accounts so as to enable them to effect payment thereof within the prescribed period.				
6.6	<i>Deposits</i> Every consumer shall when making application for a supply of electricity deposit with the Council the applicable amount as tabled hereunder.				
(a)	Domestic consumers	R 3 068.84	10%	R 3 375.73	10%
(b)	Small power consumers with installation not exceeding 25 KVA	R 7 673.57	10%	R 8 440.93	10%
(c)	Medium power consumers with a demand exceeding 25kVA but not exceeding 64 Kva	R 13 426.49	10%	R 14 769.14	10%
(d)	Large power consumers with a demand exceeding 65KVA to supply a bank guarantee equal to two months estimated average usage.				
(e)	Pre-paid metre consumers				
6.7	<i>Connection Fees and other Charges</i>				

(a)	Commercial and other consumers electricity connection fees and be charged at cost of materials, labour, supervision plus 10% payable in advance.				
(b)	Domestic consumers electricity connection fees payable in advance. Cost plus 10% provided that the cost be taken from the boundary of the Erf per property of the applicant.				
(c)	For a connection after a disconnection at consumers request, or in case of a faulty installation R306.47exc vat payable in advance.	R 306.47	17%	R 337.12	10%
(d)	For the testing of a metre cost plus 10%				
(e)	For a special reading of metre R50.00 payable in advance.				
(f)	For an investigation to establish the cause of a defect in consumers installation - R60.00 payable in advance.				
(g)	For each inspection and testing of an installation after failure to pass the first inspection and test - R100.00 payable in advance.				
(h)	<i>Conversion</i> On application from a consumer to convert from the conventional electricity metre to a pre-paid metre the following fee is applicable:	R 3 830.90	17%	R 4 482.15	17%
(i)	On application from a consumer to convert from the conventional electricity metre or any other meter to a pre-paid metre the following fee is applicable on condition that such application and payment is made before 30 September 2004. After 30 September 2004 - (h) apply.	N/A		N/A	
(j)	Where supply has been disconnected as a result of unauthorized reconnection, illegal bypassing of meter or for tempering; per disconnection and additional sum for units stolen.	R 4 897.76	17%	R 5 730.37	17%

	NOTE: In addition to the amounts contained in item (i), reconnection shall only occur once any arrears consumption charges; estimated charges for unmetered consumption and/or additional deposits owed by the consumer have been paid.				
6.8	<i>Availability Charge</i> A fee equal to that mentioned in 6.1 (a) and 6.1 (b) above, depending on the zoning of the applicable erf, is charged to any vacant erf located in the town areas of Cedarville, Matatiele and Maluti.				

7 CEMETERY CHARGES

The following fees shall be payable to the Council in respect of burials and other services in the public cemetery.

7.1	<i>Burial Plots - Charge per Burial Plot</i> A non-refundable charge of:	R 132.29	4%	R 138.90	5%
7.2	<i>Burial Fees</i>				
(a)	Adult	R 218.95	4%	R 229.89	5%
(b)	Child	R 218.95	4%	R 229.89	5%
7.3	<i>Miscellaneous Charges</i>				
(a)	Exhumation of body	R 1 655.79	4%	R 1 738.58	5%
(b)	Widening or deepening of grave	R 223.51	4%	R 234.68	5%
(c)	Permit to erect a memorial	R 91.23	4%	R 95.79	5%
7.4	Fees for non-residents of the municipal area shall be the prescribed fees in (7.1) and (7.2) above, plus 50%				
7.5	After hours burial request as in (7.1) plus 100%				
7.6	At least 16 working hours notice must be given of a burial				
7.7	Pauper burial fees	R 394.74	0%	R 394.74	0%
7.8	Internment of ashes in excising graves	R 30.70	0%	R 30.70	0%

8	PUBLIC HALLS TARIFF				
8.1	<i>Town Hall (Matatiele)</i>				
(a)	Main hall and kitchen per 12 hour period per day.	R 2 653.51	10%	R 2 918.86	10%
(b)	Main hall and kitchen per function exceeding 12 hour.	R 3 087.72	10%	R 3 396.49	10%
8.2	<i>Town Hall (Maluti Civic Centre)</i>				
(a)	Main hall and kitchen per 12 hour period per day.	R 2 653.51	10%	R 2 918.86	10%
(b)	Main hall and kitchen per function exceeding 12 hour.	R 3 087.72	10%	R 3 396.49	10%
	<i>Town Hall (Cedarville)</i>				
(a)	Main hall and kitchen per 12 hour period per day.	R 1 003.51	10%	R 1 103.86	10%
(b)	Main hall and kitchen per function exceeding 12 hour.	R 1 447.37	10%	R 1 592.11	10%
(c)	Old Cedarville Boardroom	R 96.49	10%	R 106.14	10%
8.3	<i>Harry Gwala Park Community Hall</i>				
(a)	Main hall and kitchen per 12 hour period per day.	R 434.21	10%	R 477.64	10%
(b)	Main hall and kitchen per function exceeding 12 hour.	R 434.21	10%	R 477.63	10%
8.4	<i>Nokhwezi & Msingizi Community Hall</i>				
(a)	Hall per 12 hour period per day	R 434.21	10%	R 477.64	10%
(b)	Hall per kitchen per function exceeding 12 hours	R 434.21	10%	R 477.63	10%
8.5	<i>Library Hall (Matatiele)</i>				
(a)	Hall per 12 hour period per day	R 144.74	10%	R 159.21	10%
8.6	<i>Library Hall (Cedarville)</i>				

(a)	Hall per 12 hour period per day	R 125.44	10%	R 137.99	10%
8.7 (a)	Community Halls (Rural Area) Hall per 12 hour period per day	R 96.49	10%	R 106.14	10%
8.8	<i>Equipment</i> The public address system per day or part thereof	R 314.74	4%	R 327.33	4%
8.9	In addition to 8.1 to 8.6 above the hirer shall purchase pre-paid electricity cards for the supply of electricity.				
8.10	Where the hall is hired there shall first be deposited with the Chief Financial Officer the following amounts which amounts shall be refunded when the premises is handed over in satisfactory condition. Town Hall (Matatiele) Town Hall (Cedarville)	R 2 640.00 R 1 045.00	10% 10%	R 2 904.00 R 1 149.50	10% 10%
	Harry Gwala Park Community Hall	R 423.50	10%	R 465.85	10%
	Nokhwezi & Msingizi Community Hall	R 423.50	10%	R 465.85	10%
	Library Hall (Matatiele)	R 143.00	10%	R 157.30	10%
	Library Hall (Cedarville)	R 110.00	10%	R 121.00	10%
8.11	<i>Community Halls</i> The Municipal Manager has delegated Authority to hire the Community Halls to Matatiele Local Registered Non-Profit Organisations/Institutions and to resident members of the community for memorial/personal social activities at a variable charge not less than the following amount per occasion	R 48.25	10%	R 53.07	10%

CONDITIONS OF HIRE

- 1 The Council reserves the right to refuse any booking or cancel any engagement if the function be not approved.

- 2 No booking will be made and no date reserved unit the full charges for the hire accommodation required has been paid. In the event of the hirer canceling or postponing any booking 25% of the hire fees shall be forfeited to the Council, provided the Council is notified of such cancellation at least 5 days prior to the date booked.
- 3 Advance bookings will not be accepted for any date more than thirteen months ahead, provided that prior bookings may be accepted in respect of a conference congress or festival celebrations at the discretion of the Town Clerk.
- 4 Every hirer shall specify the times and hours for which has wishes to hire the accommodation concerned and he shall not be entitled to exceed the period of the hire period, the hirer shall be liable for the payment to the Council of any additional charges calculated as above but nothing herein shall prejudice the right of the Council to require him to vacate the accommodation upon the expiration of the hire period specified by him.
- 5 No additional or special lighting may be installed in the City Hall without the written approval of the Municipal Manager, and any additional lights so authorized shall be carried out by the Electricity Department of the council on terms and conditions to be arranged.
- 6 Hirers shall be responsible for making good any breakage or damage of any description to the hall, furniture, fittings or any other property of the Council. If any furniture, equipment or any other property of the Council be found defective by the hirer, the same must be pointed out to the Caretaker before being used, failing this, everything will be considered to be in proper order.
- 7 The hirer shall ensure that all accommodation or equipment hired and the adjoining City Hall corridors are kept and left in a clean and tidy condition, failing which the the Council will have the premises cleaned at the hirers expense.

- 8 From the deposit of the amount set out in the tariff of charges, the Council shall be entitled to deduct from such amount the cost of repairing, replacing or making good any damage, breakage, loss or disfigurement to the property of the Council sustained during hiring to hirer. Should the amount of the said deposit be insufficient to cover such cost, the hirer shall be liable for the payment of any additional amount involved. In the event of no damage, breakage, loss or disfigurement to the property of the Council being sustained as aforesaid, the deposit shall be refunded to the hirer.
- 9 Cooking in the hall, other than in the kitchen and utensils provided for that purpose is prohibited.
- 10 The Council shall not be responsible for any loss occasioned by the temporary failure of the electric light supply in the building.
- 11 The Council shall not be responsible for any damage howsoever caused to, or for the loss of, articles or goods brought into, or left in the City Hall by the hirer or any other person.
- 12 The hirer shall be responsible for the control and behaviour of all children attending the functions, and shall prevent undue noise or nuisance being caused by children running about the Town Hall offices or otherwise.
- 13 No furniture, fittings, musical instruments, produce or refreshments shall be brought into, or removed from the building except by the Councillors car park entrance.
- 14 Standing on seats or chairs shall not be permitted.
- 15 No portion of the City Hall may be used for business purposes involving the sale of goods. The condition shall not apply to bazaars and fetes for charitable or other public purposes not to the sale or programmes or refreshments incidental to the use of the hall premises for public performances or functions.

9 MISCELLANEOUS SERVICES

9.1	<i>Sundry Charges</i> Search Fees				
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(a)	Other than from the Minutes of proceedings of the Council, for any document or information required dated back:				
(b)	More than 12 months but not more than 24 months.	R 65.79	0%	R 65.79	0%
(c)	24 Months or more but not more than 48 months.	R 122.81	0%	R 122.81	0%
(d)	48 months or more	R 245.61	0%	R 245.61	0%
9.2	Copy of valuation roll	R 614.04	0%	R 614.04	0%
9.3	Copy of voters roll (per ward)	R 614.04	0%	R 614.04	0%
9.4	Rates clearance certificates as laid down in Section 175(2) of Ordinance No. 25 of 1974	R 8.50	0%	R 8.50	0%
9.5	Appeals to property valuations in terms of Section 160(3) of Ordinance No. 25 of 1974	R 57.02	0%	R 57.02	0%
9.6	Services rendered by Council but not covered in tariffs of charges.	Cost plus 10%		Cost plus 10%	
9.7	Valuation and/or housing loan certificate as laid down in Section 265(5) of Ordinance No. 25 of 1974	R 70.18	0%	R 70.18	0%
9.8	Copy of estimates	R 263.16	0%	R 263.16	0%
9.9	Special consent applications in terms of the Town Planning Scheme, which amount is not refundable.	R 2 315.79	10%	R 2 547.37	10%
	Consent/Conditional use or temporary land use				
	House Shop	R 165.00	NEW	R 165.00	NEW
	Place of instruction/Worship	R 165.00	NEW	R 165.00	NEW
	Second Dwelling	R 385.00	NEW	R 385.00	NEW
	Bed n Breakfast	R 385.00	NEW	R 385.00	NEW
9.10	Application for relaxation of building line and/or side space requirements.	R 495.61	0%	R 495.61	0%
(a)	Other temporal land use departures	R 550.00	New	R 550.00	New
(b)	Other/conditional use	R 1 320.00	New	R 1 320.00	New
9.11	<i>Rezoning applications</i>				
	Fees payable shall not exceed the following maximum amounts:				
	Areas of land being rezoned				
(a)	Areas of land being rezoned less than 2000sq/m	R 700.00	NEW	R 700.00	NEW

(b)	Area of land to be rezoned less than 1ha	R 1 278.95	80%	R 2 302.11	80%
(c)	1ha but less than 5ha	R 4 298.25	40%	R 6 017.54	40%
(d)	5ha and over R30.00 for every hectare or part thereof in excess of 5ha	R 5 649.12	40%	R 7 908.77	40%
9.12	Subdivision				
(a)	Up to 3 erven created	R 740.00	New	R 740.00	New
(b)	4-10 erven Per erf above 10 (This fee must be added to the basic fee for subdivision on tp 10 erven.)	R 1 368.00	New	R 1 368.00	New
(c)	Amendment / Cancellation of approved Subdivision	R 1 200.00	New	R 1 200.00	New
9.13	Site Development Plan				
(a)	erf with one dwelling House	R 285.00	New	R 285.00	New
(b)	Any other residential use or development	R 399.00	New	R 399.00	New
(c)	Any other business/ commercial/ Industrial use	R 1 300.00	New	R 1 300.00	New
(d)	Amendment of Approved site development plan and approval of HOA constitutions and design manual	R 239.00	New	R 239.00	New
9.14	Amendments of conditions of approval (per condition)	R 220.00	New	R 220.00	New
9.13	Vehicle pound fees on all impounded vehicles per vehicle per day plus tow-in costs Impounded vehicles not released within 90 (ninety) days will be sold.	R 59.65	70%	R 101.40	70%
9.14	Chemical toilet hire per toilet per day:				
	Fee	R 614.04	0%	R 614.04	0%
	Deposit per toilet	R 307.02	0%	R 307.02	0%
9.15	<i>Sports grounds rental</i> Local clubs for practices per practice	R 43.86	25%	R 46.05	5%
	Local clubs per game	R 219.30	25%	R 230.26	5%
	Outside clubs per game	R 328.95	25%	R 345.39	5%
	Stadium hire for non sporting events.	R 438.60	New	R 438.60	New
	Pre-paid Electricity Metering cards to be purchased for the use of lights at the stadium at the Domestic Rates.				

9.16	A penalty will be charged for any dishonoured cheque.	R 110.96	15%	R 127.61	15%
9.17	Damage to any Council property	R 1 754.39	0%	R 1 754.39	0%
9.18	Cleaning of over grown property after failing to respond to councils instruction to clean this said property.	R 2 631.58	20%	R 3 157.89	20%
9.19	<i>Dog Licenses</i> Dogs	R 17.54	0%	R 17.54	0%
9.20	<i>Library Fines</i> Lost books + cost of the book. Book/s per day Video/s per day Photocopies per copy Internet per 30 minutes Internet E-Mail address per 6 months.	26.32 R 2.63 R 2.63 R 2.63 R 26.32 R 30.70	0% 0% 0% 0% 0% 0%	27.64 2.76 2.76 2.76 27.63 32.24	5% 5% 5% 5% 5% 5%
9.21	<i>Transport & Plant Hire</i> Bomag NCX 2721 Bobcat NCX 2661 JCB Bush Cutter Petrol Saw Wacker Lawn Mower Generator (without petrol) Water Pump Angle Grinder (230mm) Dril Welding Machine (220 amp) Welding Machine (250 amp) Compressor (380 Volt) High Pressure Washer Extension Lead Tar Spray	 R 43.86 R 175.44 R 307.02 R 263.16 R 394.74 R 175.44 R 175.44 R 219.30 R 219.30 R 87.72 R 131.58 R 219.30 R 219.30 R 219.30 R 131.58 R 13.16 R 394.74	 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0%	 R 46.05 R 184.21 R 322.37 R 276.32 R 414.47 R 184.21 R 184.21 R 230.26 R 230.26 R 92.11 R 138.16 R 230.26 R 230.26 R 230.26 R 138.16 R 13.82 R 414.47	 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5%
9.22	Tender Documents A fee of not less than R100 will be charged for a tender document. The fee will increase according to the size of the tender document.				

10 RANKS/STANDS FOR PUBLIC BUSES

The following fees shall be payable to the Council in respect of ANNUAL RANK/STAND permits for Public buses making use of the MATATIELE BUS RANK.

10.1	<i>Long Distance Bus Operators</i> 1 -5 Bus Permits per Bus per Permit per Annum 6 and more Bus permits per Bus per Permit per Annum			
10.2	<i>Local Bus Operators</i> Bus Permit per Bus per Permit per Annum			
10.3	Local bus operators, "local", shall mean operators operating routes within a one (1) hundred kilometer radius of Matatiele. All other operators shall deemed to be "long distance" by operation.			
10.4	Applicants are to be made by no later than December of such year in order for permits to be issued.			

11 BUSINESS LICENSES

11.1	Food Vendors in caravans & carts or similar vessel	R 150.00	New	R 150.00	New
11.2	General Dealers	R 500.00	New	R 500.00	New
11.3	Supermarkets, Wholesalers & Butcheries	R 500.00	New	R 500.00	New
11.4	Restaurants, B&B's, Hotels, Guest Houses, Lodges	R 500.00	New	R 500.00	New
11.5	Spaza Shops	R 300.00	New	R 300.00	New
11.6	Funeral Parlours	R 500.00	New	R 500.00	New
11.7	Hawker License: Trucks & Bakkies	R 150.00	New	R 150.00	New
11.8	Hawker License: Street Vendors	R 150.00	New	R 150.00	New
11.9	Hawker License: (Special Application – Events)	R 300.00	New	R 300.00	New
11.10	Clothing Shops	R 500.00	New	R 500.00	New
11.11	Hardware	R 500.00	New	R 500.00	New
11.12	Garages	R 500.00	New	R 500.00	New
11.13	Livestock Sales	R 200.00	New	R 200.00	New
11.14	Car wash	R 200.00	New	R 200.00	New
11.15	Laundromat/Dry Cleaning	R 500.00	New	R 500.00	New

11.16	Financial Institution	R 500.00	New	R 500.00	New
11.17	Beauty Parlour: Hair Salons, Barber Shops etc	R 200.00	New	R 200.00	New
11.18	Furniture Shops	R 500.00	New	R 500.00	New
11.19	Legal Practice	R 500.00	New	R 500.00	New
11.20	Surgeries	R 500.00	New	R 500.00	New
11.21	Transport Industry	R 500.00	New	R 500.00	New
11.22	Liquor: Bottle Stores, Taverns	R 500.00	New	R 500.00	New
11.23	Book Shops	R 500.00	New	R 500.00	New
11.24	Brokers: Insurance, Estate agents etc	R 500.00	New	R 500.00	New

12 ASSESMENT RATES

12.1	<u>Residential</u> First R55 000 discount 35% Rebate	0.015045056	0%	0.0082748	-45%
12.2	<u>Vacant Land</u>	0.018054067	0%	0.018054	0%
12.3	<u>Commercial</u> 10% Rebate	0.018054067	0%	0.00993	-45%
12.4	<u>Government</u> 0 Rebates	0.018054067	0%	0.018054	0%
12.5	<u>Farms</u> 65% discount	0.003761264	0%	0.002069	-45%
12.6	<u>Industrial</u> 10% discount	0.018054067	0%	0.00993	-45%
12.7	<u>Municipal</u> 100% discount	0.018054067	0%	0.00993	-45%

13 NATURE RESERVE

13.1	Accommodation				
	4 bed chalet per day	R 241.23	0%	R 241.23	0%
	6 bed chalet per day	R 337.72	0%	R 337.72	0%
	Camping pppd	R 43.86	0%	R 43.86	0%
13.2	Fishing				
	per annum per member	R 372.81	0%	R 372.81	0%

	per day	R 87.72	0%	R 87.72	0%
13.3	Wood Sales				
	Per one ton bakkie load	R 157.89	80%	R 284.21	80%
14	TAXATION				
	The amounts referred to in these tariffs do not include any tax which may be payable in accordance with the provisions of any other Acts of Ordinances.				
15	ADVERTISING & SIGNAGE				
15.1	Billboards				
	non refundable application fee per board/sign (annually)	R 1 578.94	20%	R 1 894.72	20%
	+ Approval fee per applicant	R 42.10	20%	R 50.52	20%
15.2	Ground Signs				
	non refundable application fee per board/sign (annually)	R 219.29	0%	R 219.29	0%
	+ Approval fee per applicant	R 35.08	0%	R 35.08	0%
15.3	Wall Sign - Flat				
	non refundable application fee per board/sign (annually)	R 394.73	0%	R 394.73	0%
	+ Approval fee per applicant	R 35.08	0%	R 35.08	0%
15.4	Roof, Veranda, Balcony, Canopy and Under awning Sign				
	non refundable application fee per board/sign (annually)	R 394.73	0%	R 394.73	0%
15.5	Estate Agent Boards				
	non refundable application fee (annually)	R 526.31	0%	R 526.31	0%
	+ per board/sign (annually)	R 43.85	0%	R 43.85	0%
15.6	Portable Boards / Collapsible Structures / Signs				
	non refundable application fee per board/sign (annually)	R 219.29	0%	R 219.29	0%
15.7	Aerial Advertisement				
	non refundable application fee per board/sign (annually)	R 438.59	0%	R 438.59	0%
15.8	Advertising Vehicles				
	non refundable application fee per board/sign (annually)	R 1 052.63	0%	R 1 052.63	0%
15.9	Temporary Signs (Posters, Flags & Others)				
	non refundable application fee per board/sign	R 43.85	0%	R 43.85	0%
	+ non commercial fee per signs, posters, flags & others	R 2.19	0%	R 2.19	0%
	+ commercial fee per signs, posters, flags & others	R 4.38	0%	R 4.38	0%
15.10	Banners				
	non refundable application fee per board/sign	R 131.57	0%	R 131.57	0%

Description	Ref	Provide description of tariff structure where appropriate	2010/11	2011/12	2012/13	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework		
							Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Exemptions, reductions and rebates <i>(Rands)</i>									
Domestic Removals		Every owner or occupier of	39	78	86	89	93	93	103
Commercial Removals		Each individual/separate	58	117	128	134	140	147	155
		Every owner or occupier of	58	117	128	134	140	147	155
		Availability charge to any	200	200	200	200	200	210	221
		Availability fee charge to	100	100	100	100	100	105	110
Assesment		Residential First R55 000	-	-	-	-	-	-	-
		Vacant Land	-	-	-	-	-	-	-
		Commercial 10% Rebate	-	-	-	-	-	-	-
Water tariffs									
Electricity tariffs									
Scale 1: Domestic Consumers		Basic charge, single/ three	160	190	229	254	272	291	312
		0-25 KVA	180	215	259	288	308	330	353
		26-64 KVA	663	788	949	1 054	1 127	1 206	1 291
		65 KVA and more	3 971	4 725	5 688	6 314	6 756	7 229	7 735
Scale 4: Schools/School Hotels		Basic charge per month	128	152	183	203	217	232	249
		Supply to separate	34	40	47	54	63	68	72
		Domestic consumers	1 713	2 038	2 384	2 790	3 070	3 285	3 515
		Small power consumers	4 282	5 096	5 962	6 962	7 675	8 212	8 787
		Medium power consumers	7 493	8 917	10 432	12 206	13 430	14 370	15 376
Connection Fees & other Charges		For a connection after a	161	191	224	262	306	328	351
		Conversion on application	2 010	2 392	2 799	3 274	3 831	4 099	4 386
		where supply has been	2 570	3 058	3 578	4 186	4 898	5 241	5 607
		(fill in thresholds)							

Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 13 Breakdown of the operating revenue over the medium-term

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source	0	0	0	0	0	0	0	0	0	0	0
Property rates	2	12 776	13 235	15 501	27 040	42 298	42 298	42 298	30 729	32 265	33 899
Property rates - penalties & collection charges	3280	–	–	–	1 700	1 701	1 701	1 701	–	–	–
Service charges - electricity revenue	2	25 838	32 489	33 912	42 966	42 966	42 966	42 966	41 500	43 575	45 754
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	5 743	5 773	6 411	6 848	6 848	6 848	6 848	7 190	7 550	7 927
Service charges - other	0	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	3070	499	483	534	571	587	587	587	599	597	621
Interest earned - external investments	3210	6 364	6 926	7 834	5 500	5 500	5 500	5 500	4 200	4 200	4 410
Interest earned - outstanding debtors	3270	–	–	–	151	151	151	151	1 943	1 951	1 960
Dividends received	0	–	–	–	–	–	–	–	–	–	–
Fines	3310	966	1 651	1 509	450	451	451	451	451	474	496
Licences and permits	3370	1 059	1 897	2 094	2 704	2 704	2 704	2 704	2 704	2 839	2 981
Agency services	0	–	–	–	–	–	–	–	–	–	–
Transfers recognised - operational	3410	135 377	125 711	152 460	213 606	211 403	211 404	211 404	166 683	120 007	148 059
Other revenue	2	1 397	794	5 296	59 955	65 047	65 047	65 047	54 912	35 609	35 635
Gains on disposal of PPE	3700	15	293	–	–	35	35	35	39	–	–
Total Revenue (excluding capital transfers and contributions)	0	190 034	189 252	225 550	361 491	379 690	379 690	379 690	310 950	249 067	281 742

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;

- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2014/15 MTREF on the different revenue categories are:

Table 14 Proposed tariff increases over the medium-term

Revenue Category	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Property Rates	4	4	4	0	0	0	-45%	4%	4%
Solid Waste	4	4	4	5	5	5	5%	5%	5%
Electricity	11.3	19	16	9	9	9	7.38%	73.8%	7.38%

Revenue to be generated from property rates is R30 million in the 2014/15 financial year and increases to R44 million by 2016/17 which represents 8 per cent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R48 million for the 2014/15 financial year.

Operational grants and subsidies amount to R166 million, R120 million and R148 million for each of the respective financial years. It needs to be noted that Matatiele Local Municipality is dependent on government grants.

Investment revenue contributed marginally to the revenue base of the Municipality with a budget allocation of R4.2, R4.2 and R4.4 million for the respective three financial years of the 2014/2015 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustment budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 37MBRR SA15 – Detail Investment Information

Investment type	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Parent municipality										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		79 061	102 500	84 224	84 224	84 224	84 224	93 719	93 719	93 719
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Municipal Bonds		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	79 061	102 500	84 224	84 224	84 224	84 224	93 719	93 719	93 719
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		79 061	102 500	84 224	84 224	84 224	84 224	93 719	93 719	93 719

Table 15MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	1	Yrs/Months												
Parent municipality														
CALL ACC STD		DAILY	DAILY	No		0.04	-	-	DAILY	-	-	-	-	25 905
CALL ACC STD		DAILY	DAILY	No		0.04	-	-	DAILY	-	-	-	-	31 854
CALL ACC FNB		DAILY	DAILY	No		0.04	-	-	DAILY	-	-	-	-	1 510
NEDCOR		21/05/2014	21/05/2014	No		0.14	-	-	21/05/2014	-	-	-	-	7 580
NEDBANK		DAILY	DAILY	No		0.05	-	-	DAILY	-	-	-	-	19 280
NEDBANK MIG ACC		DAILY	DAILY	No		0.05	-	-	DAILY	-	-	-	-	2 538
FNB ESTABLISHMENT PLAN		DAILY	DAILY	No		0.03	-	-	DAILY	-	-	-	-	2 329
FNB HOUSING DEV FUND		DAILY	DAILY	No		0.03	-	-	DAILY	-	-	-	-	1 746
FNB DEDEA GREENEST TOWN		DAILY	DAILY	No		0.03	-	-	DAILY	-	-	-	-	169
FNB TOURISM		DAILY	DAILY	No		0.03	-	-	DAILY	-	-	-	-	808
Municipality sub-total										-	-	-	-	93 719
Entities										-	-	-	-	-
Entities sub-total										-	-	-	-	-
TOTAL INVESTMENTS AND INTEREST	1									-	-	-	-	93 719

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2014/15 medium-term capital programme:

Table 16 Sources of capital revenue over the MTREF

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
National Government		27 561	25 932	33 118	85 433	48 915	48 915	48 915	45 211	78 033	64 908
Provincial Government		–	–	–	–	–	–	–	19 300	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	27 561	25 932	33 118	85 433	48 915	48 915	48 915	64 511	78 033	64 908
Public contributions & donations	5										
Borrowing	6	–	–	–	11 500	11 500	11 500	11 500	–	–	–
Internally generated funds		8 055	10 565	27 617	46 860	63 277	63 277	63 277	53 066	–	–
Total Capital Funding	7	35 616	36 498	60 735	143 793	123 692	123 692	123 692	117 577	78 033	64 908

Figure 8 Sources of capital revenue for the 2014/15 financial year

FUNDING OF CAPITAL BUDGET	R'000
DOE	19 300
Grants Available, carried forward from previous years.	0
Municipal Infrastructure Grant (MIG)	45 210
Capital Replacement Reserve (CRR)	53 066
External Loan (To be raised)	
TOTAL	117 576

The above table is graphically represented as follows for the 2014/15 financial year.

The following table is of the Municipality's borrowing liability, which is not applicable as we have no long term debt

Table 17MBRR Table SA 17 - Detail of

Borrowing - Categorised by type R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Parent municipality</u>										
Long-Term Loans (annuity/reducing balance)		-	-	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)		-	-	-	-	-	-	-	-	-
Local registered stock		-	-	-	-	-	-	-	-	-
Instalment Credit		-	-	-	-	-	-	-	-	-
Financial Leases		-	-	-	-	-	-	-	-	-
PPP liabilities		-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier		-	-	-	-	-	-	-	-	-
Marketable Bonds		-	-	-	-	-	-	-	-	-
Non-Marketable Bonds		-	-	-	-	-	-	-	-	-
Bankers Acceptances		-	-	-	-	-	-	-	-	-
Financial derivatives		-	-	-	-	-	-	-	-	-
Other Securities		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	-	-	-	-	-	-	-	-	-
<u>Entities</u>										
Long-Term Loans (non-annuity)		-	-	-	-	-	-	-	-	-
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	-	-	-	-	-	-	-	-	-

Unspent Borrowing - Categorised by type										
<u>Parent municipality</u>										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	-	-	-	-	-	-	-	-	-
<u>Entities</u>										
Long-Term Loans (annuity/reducing balance)		-	-	-	-	-	-	-	-	-
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Unspent Borrowing	1	-	-	-	-	-	-	-	-	-

borrowings

Table 41 MBRR Table SA 18 - Capital transfers and grant receipts

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
RECEIPTS:	1, 2									
<u>Operating Transfers and Grants</u>										
National Government:		73 767	94 491	107 826	120 689	120 689	120 689	145 998	178 652	179 459
Local Government Equitable Share		71 817	92 449	105 328	118 249	118 249	118 249	138 979	176 035	176 741
Finance Management		1 200	1 450	1 500	1 550	1 550	1 550	1 600	1 650	1 700
Municipal Systems Improvement		750	592	998	890	890	890	934	967	1 018
EPWP Incentive								4 485	-	-
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	-	-	-	7 242	-	-
Other transfers/grants [insert description]								7 242		
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	288	-	-
Library Subsidies								288		
Total Operating Transfers and Grants	5	73 767	94 491	107 826	120 689	120 689	120 689	153 528	178 652	179 459
<u>Capital Transfers and Grants</u>										
National Government:		16 820	24 994	38 926	30 000	10 000	10 000	65 059	73 086	80 164
Municipal Infrastructure Grant (MIG)		16 070	24 994	34 926				45 759	48 086	50 164
Regional Bulk Infrastructure		750	-	4 000	30 000	10 000	10 000	19 300	25 000	30 000
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
Library Subsidies										
Total Capital Transfers and Grants	5	16 820	24 994	38 926	30 000	10 000	10 000	65 059	73 086	80 164
TOTAL RECEIPTS OF TRANSFERS & GRANTS		90 587	119 485	146 752	150 689	130 689	130 689	218 587	251 738	259 623

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understanding ability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
 - Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
 - Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 42 MBRR Table A7 - Budget cash flow statement

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		35 528	67 017	60 212	142 234	162 601	162 600	162 600	140 067	124 860	129 273
Government - operating	1	135 377	125 711	144 908	213 606	211 403	211 404	211 404	166 683	120 007	148 059
Government - capital	1								64 511	78 033	64 908
Interest		6 364	6 927	7 861	5 500	5 500	5 500	5 500			
Dividends											
Payments											
Suppliers and employees		(130 046)	(132 407)	(170 650)	(217 479)	(245 148)	(245 148)	(241 116)	(239 137)	(267 951)	(283 156)
Finance charges		(1 250)	(564)	(4 275)							
Transfers and Grants	1										
NET CASH FROM/(USED) OPERATING ACTIVITIES		45 972	66 684	38 056	143 861	134 356	134 357	138 389	132 124	54 949	59 085
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		375		40	350	350	350	350	350	350	350
Decrease (Increase) in non-current debtors											
Decrease (increase) other non-current receivables				6 085							
Decrease (increase) in non-current investments											
Payments											
Capital assets		(36 301)	(37 286)	(69 446)	(59 933)	-	-	-	(117 577)	(78 033)	(64 908)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(35 926)	(37 286)	(63 321)	(59 583)	350	350	350	(117 227)	(77 683)	(64 558)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing		(135)	(34)	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing											
NET CASH FROM/(USED) FINANCING ACTIVITIES		(135)	(34)	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		9 910	29 363	(25 265)	84 278	134 706	134 707	138 739	14 897	(22 734)	(5 474)
Cash/cash equivalents at the year begin:	2	63 227	73 137	102 500	77 235	161 513	161 513	161 513	102 500	117 397	94 663
Cash/cash equivalents at the year end:	2	73 137	102 500	77 235	161 513	296 220	296 220	300 252	117 397	94 663	89 189

2.3.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 43 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
<u>Cash and investments available</u>											
Cash/cash equivalents at the year end	1	73 137	102 500	77 235	161 513	296 220	296 220	300 252	117 397	94 663	89 189
Other current investments > 90 days		–	–	6 989	(77 289)	(211 996)	(211 996)	(216 028)	(23 678)	(944)	4 530
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		73 137	102 500	84 224	84 224	84 224	84 224	84 224	93 719	93 719	93 719
<u>Application of cash and investments</u>											
Unspent conditional transfers		19 596	23 779	16 227	16 227	16 227	16 227	16 227	12 582	13 840	15 224
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	(2 174)	(4 140)	(11 798)	(13 764)	(13 767)	(13 767)	(13 767)	(12 622)	(11 766)	(10 831)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		17 422	19 639	4 429	2 463	2 460	2 460	2 460	(40)	2 074	4 393
Surplus(shortfall)		55 715	82 861	79 795	81 761	81 764	81 764	81 764	93 759	91 645	89 326

From the above table it can be seen that the cash and investments available total R73million in the 2010/11 financial year and progressively increase to R93 million by 2014/15, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the 2011/12 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants as well as an action plan of spending the grants.

There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.

Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations.

The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as was experienced by the Municipality in 2011/12 resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.

Long term investments consist primarily of the sinking funds for the repayment of future borrowings. The sinking fund value is held within long term investments and must be 'held to maturity' and is not available for spending.

Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

2.3.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 44MBRR SA10 – Funding compliance measurement

Description	MFMA section	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	73 137	102 500	77 235	161 513	296 220	296 220	300 252	117 397	94 663	89 189
Cash + investments at the yr end less applications - R'000	18(1)b	2	55 715	82 861	79 795	81 761	81 764	81 764	81 764	93 759	91 645	89 326
Cash year end/monthly employee/supplier payments	18(1)b	3	7.4	10.6	4.3	10.8	18.4	18.4	18.7	6.8	5.3	4.7
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	35 394	35 079	(33 180)	144 011	134 542	134 543	138 574	117 581	59 149	63 495
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	10.1%	2.4%	34.7%	13.4%	(6.0%)	(6.0%)	(21.3%)	(1.0%)	(1.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	73.6%	119.0%	92.3%	99.9%	99.9%	99.9%	99.9%	100.0%	100.0%	100.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	3.1%	5.0%	113.4%	3.8%	3.2%	3.2%	3.2%	5.8%	5.9%	5.9%
Capital payments % of capital expenditure	18(1)c;19	8	101.9%	102.2%	114.3%	41.7%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	(1.7%)	(0.3%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(35.3%)	68.8%	0.0%	0.0%	0.0%	0.0%	(18.1%)	0.0%	0.0%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	1.9%	2.2%	2.2%	0.0%	5.4%	0.0%	0.0%

2.3.5.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium-term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short

term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2014/15 MTREF shows R117million, R94million and R89 million for each respective financial year.

2.3.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.3.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. It is especially important to consider the position should the municipality be faced with an expected disaster that threatens revenue collection such as rate boycotts. As part of the 2014/2015 MTREF the municipalities improving cash position causes the ratio to move upwards to 7.3 and then increase slightly to 9 for outer years. As indicated above the Municipality aims to archive at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.3.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.3.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 present). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 19, 2.2 and .080 per cent for the respective financial year of the 2012/13 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from

rates and services charges is 9 per cent, with the increase in electricity at 11 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

2.3.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 60.1, 66.4 and 63.1 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 65 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.3.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.3.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.3.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. Further details relating to the borrowing strategy of the Municipality can be found on 66.

2.3.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (Dora) have been budgeted for. The Municipality has budgeted for all transfers.

2.3.5.11 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtor's accounts within 30 days.

2.3.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. A detail of the Municipality's strategy pertaining to asset management and repairs and maintenance is contained in Table 60 MBRR SA34C on page 90.

2.3.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b on page 89.

Table 45 MBRR SA19 - Expenditure on transfers and grant programmes

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
RECEIPTS:	1, 2									
<u>Operating Transfers and Grants</u>										
National Government:		73 767	94 491	107 826	120 689	120 689	120 689	145 998	178 652	179 459
Local Government Equitable Share		71 817	92 449	105 328	118 249	118 249	118 249	138 979	176 035	176 741
Finance Management		1 200	1 450	1 500	1 550	1 550	1 550	1 600	1 650	1 700
Municipal Systems Improvement		750	592	998	890	890	890	934	967	1 018
EPWP Incentive								4 485	-	-
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	-	-	-	7 242	-	-
Other transfers/grants [insert description]								7 242		
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	288	-	-
Library Subsidies								288		
Total Operating Transfers and Grants	5	73 767	94 491	107 826	120 689	120 689	120 689	153 528	178 652	179 459
<u>Capital Transfers and Grants</u>										
National Government:		16 820	24 994	38 926	30 000	10 000	10 000	65 059	73 086	80 164
Municipal Infrastructure Grant (MIG)		16 070	24 994	34 926				45 759	48 086	50 164
Regional Bulk Infrastructure		750	-	4 000	30 000	10 000	10 000	19 300	25 000	30 000
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
Library Subsidies										
Total Capital Transfers and Grants	5	16 820	24 994	38 926	30 000	10 000	10 000	65 059	73 086	80 164
TOTAL RECEIPTS OF TRANSFERS & GRANTS		90 587	119 485	146 752	150 689	130 689	130 689	218 587	251 738	259 623

Table 46 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts		135 377	125 712	152 460	213 606	197 753	197 753	229 064	198 040	209 490
Conditions met - transferred to revenue		135 377	125 712	152 460	213 606	197 753	197 753	229 064	198 040	209 490
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		135 377	125 712	152 460	213 606	197 753	197 753	229 064	198 040	209 490
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		10 741	938							
Current year receipts		16 820	24 994	33 118	85 433	48 915	48 915	64 511	78 033	64 908
Conditions met - transferred to revenue		27 561	25 932	33 118	85 433	48 915	48 915	64 511	78 033	64 908
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		27 561	25 932	33 118	85 433	48 915	48 915	64 511	78 033	64 908
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		162 938	151 644	185 578	299 039	246 668	246 668	293 575	276 073	274 398
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

2.4 Councillor and employee benefits

Table 18MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		6 482	8 282	9 095	10 095	10 095	10 095	9 900	10 095	10 095
Pension and UIF Contributions		896	422	344	500	500	500	527	500	500
Medical Aid Contributions		659	297	329	500	500	500	462	500	500
Motor Vehicle Allowance		1 135	1 074	901	2 577	2 577	2 577	2 224	1 793	1 793
Cellphone Allowance		589	659	689	845	845	845	1 139	2 262	2 262
Housing Allowances		1 585	2 542	2 541	2 262	2 262	2 262	2 925	2 577	2 577
Other benefits and allowances										
Sub Total - Councillors		11 346	13 276	13 900	16 779	16 779	16 779	17 177	17 727	17 727
% increase	4		17.0%	4.7%	20.7%	-	-	2.4%	3.2%	-
Other Municipal Staff										
Basic Salaries and Wages		28 676	34 762	44 210	61 074	61 074	61 074	70 316	77 892	84 956
Pension and UIF Contributions		4 128	3 968	4 709	6 453	6 453	6 453	7 877	8 507	9 188
Medical Aid Contributions		685	840	1 035	1 355	1 355	1 355	5 825	6 291	6 794
Overtime		1 297	1 163	1 478	1 233	1 233	1 233	1 040	1 123	1 213
Performance Bonus				-		-	-	1 700	1 836	1 983
Motor Vehicle Allowance	3	1 606	1 872	2 043	1 793	1 793	1 793	1 380	1 491	1 610
Cellphone Allowance	3	44	42	37	5	5	5	748	808	872
Housing Allowances	3	242	438	803	633	633	633	73	79	85
Other benefits and allowances	3							1 441	1 557	1 681
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		36 679	43 084	54 314	72 545	72 545	72 545	90 400	99 583	108 382
% increase	4		17.5%	26.1%	33.6%	-	-	24.6%	10.2%	8.8%
Total Parent Municipality		48 025	56 360	68 214	89 323	89 323	89 323	107 577	117 310	126 109
			17.4%	21.0%	30.9%	-	-	20.4%	9.0%	7.5%
TOTAL SALARY, ALLOWANCES & BENEFITS		48 025	56 360	68 214	89 323	89 323	89 323	107 577	117 310	126 109
% increase	4		17.4%	21.0%	30.9%	-	-	20.4%	9.0%	7.5%
TOTAL MANAGERS AND STAFF	5,7	36 679	43 084	54 314	72 545	72 545	72 545	90 400	99 583	108 382

Table 19MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum								
<u>Councillors</u>	3							
Speaker	4		390 720	11 451	153 929			556 100
Chief Whip			377 036		145 551			522 587
Executive Mayor			437 143	65 571	187 443			690 157
Deputy Executive Mayor			–	–	–	–		–
Executive Committee			1 664 135	113 667	898 783			2 676 585
Total for all other councillors			7 040 173	244 529	3 109 503			12 732 283
Total Councillors	8	–	9 909 207	435 218	4 495 209			17 177 712
<u>Senior Managers of the Municipality</u>	5							
Municipal Manager (MM)			813 806	1 713	364 235			1 179 754
Chief Finance Officer			686 837	1 713	277 310			965 860
Manager: Corporate			481 518	1 118	151 891			634 527
Manager: Community			578 974	93 200	284 166			956 340
Manager: EDP			568 929	7 363	93 762			670 054
Manager: Infrastructure			580 131	695	82 310			663 136
<i>List of each official with packages >= senior manager</i>								
Total Senior Managers of the Municipality	8,10	–	3 710 195	105 802	1 253 674	–		5 069 671
<u>A Heading for Each Entity</u>	6,7							
List each member of board by designation								
Total for municipal entities	8,10	–	–	–	–	–		–
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	–	13 619 402	541 020	5 748 883	–		22 247 383

Table 49 MBRR SA24–Summary of personnel numbers

Summary of Personnel Numbers Number	Ref	2012/13			Current Year 2013/14			Budget Year 2014/15		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		52	–	52	52		52	52	–	52
Board Members of municipal entities	4	–	–	–	–	–	–	–	–	–
Municipal employees	5									
Municipal Manager and Senior Managers	3	6	–	6	6	–	6	6	–	6
Other Managers	7	10	–	10	10		10	18		18
Professionals		307	260	47	307	221	86	281	246	45
<i>Finance</i>		42	30	12	42	30	12	34	25	19
<i>Spatial/town planning</i>		41	32	9	41	32	9	8	8	–
<i>Information Technology</i>		1	1	–	1	–	1	1	1	–
<i>Roads</i>		90	90	–	90	90	–	92	87	5
<i>Electricity</i>		14	14	–	14	14	–	16	13	3
<i>Water</i>		–	–	–	–	–	–	–	–	–
<i>Sanitation</i>		–	–	–	–	–	–	–	–	–
<i>Refuse</i>		38	38	–	38	–	38	2	2	–
<i>Other</i>		81	55	26	81	55	26	128	110	18
Technicians		7	7	–	7	7	–	2	2	–
<i>Finance</i>										
<i>Spatial/town planning</i>		3	3	–	3	3	–	–	–	–
<i>Information Technology</i>				–	–	–	–	–	–	–
<i>Roads</i>		2	2	–	2	2		2	2	–
<i>Electricity</i>		2	2	–	2	2	–	–	–	–
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>										
Clerks (Clerical and administrative)										
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
TOTAL PERSONNEL NUMBERS	9	382	267	115	382	228	154	359	248	121

2.9 Monthly targets for revenue, expenditure and cash flow

Table 50 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source																
Property rates		2 561	2 561	2 561	2 561	2 561	2 561	2 561	2 561	2 561	2 561	2 561	2 561	30 729	32 265	33 899
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		3 458	3 458	3 458	3 458	3 458	3 458	3 458	3 458	3 458	3 458	3 458	3 458	41 500	43 575	45 754
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		599	599	599	599	599	599	599	599	599	599	599	599	7 190	7 550	7 927
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		50	50	50	50	50	50	50	50	50	50	50	50	599	597	621
Interest earned - external investments		350	350	350	350	350	350	350	350	350	350	350	350	4 200	4 200	4 410
Interest earned - outstanding debtors		162	162	162	162	162	162	162	162	162	162	162	162	1 943	1 951	1 960
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		38	38	38	38	38	38	38	38	38	38	38	38	451	474	496
Licences and permits		225	225	225	225	225	225	225	225	225	225	225	225	2 704	2 839	2 981
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		13 890	13 890	13 890	13 890	13 890	13 890	13 890	13 890	13 890	13 890	13 890	13 890	166 683	120 007	148 059
Other revenue		4 576	4 576	4 576	4 576	4 576	4 576	4 576	4 576	4 576	4 576	4 576	4 576	54 912	35 609	35 635
Gains on disposal of PPE		3	3	3	3	3	3	3	3	3	3	3	3	39	-	-
Total Revenue (excluding capital transfers and contributions)		25 913	25 913	25 913	25 913	25 913	25 913	25 913	25 913	25 913	25 913	25 913	25 913	310 950	249 067	281 742
Expenditure By Type																
Employee related costs		7 533	7 533	7 533	7 533	7 533	7 533	7 533	7 533	7 533	7 533	7 533	7 533	90 400	99 583	106 718
Remuneration of councillors		1 431	1 431	1 431	1 431	1 431	1 431	1 431	1 431	1 431	1 431	1 431	1 431	17 177	18 036	19 010
Debt impairment		390	390	390	390	390	390	390	390	390	390	390	390	4 678	4 945	5 242
Depreciation & asset impairment		1 172	1 172	1 172	1 172	1 172	1 172	1 172	1 172	1 172	1 172	1 172	1 172	14 066	14 791	15 519
Finance charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases		2 333	2 333	2 333	2 333	2 333	2 333	2 333	2 333	2 333	2 333	2 333	2 333	28 000	29 400	30 870
Other materials		1 022	1 022	1 022	1 022	1 022	1 022	1 022	1 022	1 022	1 022	1 022	1 022	12 265	12 646	13 203
Contracted services		1 286	1 286	1 286	1 286	1 286	1 286	1 286	1 286	1 286	1 286	1 286	1 286	15 437	16 135	17 810
Transfers and grants		2 262	2 262	2 262	2 262	2 262	2 262	2 262	2 262	2 262	2 262	2 262	2 262	27 144	21 060	20 860
Other expenditure		4 060	4 060	4 060	4 060	4 060	4 060	4 060	4 060	4 060	4 060	4 060	4 060	48 714	51 354	53 922
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		21 490	21 490	21 490	21 490	21 490	21 490	21 490	21 490	21 490	21 490	21 490	21 490	257 881	267 951	283 156
Surplus/(Deficit)		4 422	4 422	4 422	4 422	4 422	4 422	4 422	4 422	4 422	4 422	4 422	4 422	53 070	(18 884)	(1 413)
Transfers recognised - capital													64 511	64 511	78 033	64 908
Contributions recognised - capital													-	-	-	-
Contributed assets													-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		4 422	4 422	4 422	4 422	4 422	4 422	4 422	4 422	4 422	4 422	4 422	68 933	117 581	59 149	63 495
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	4 422	4 422	4 422	4 422	4 422	4 422	4 422	4 422	4 422	4 422	4 422	68 933	117 581	59 149	63 495

Table 20MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand																
Revenue by Vote																
Vote 1 - Executive & Council		23	23	23	23	23	23	23	23	23	23	23	23	280	-	-
Vote 2 - Budget & Finance		19 062	19 062	19 062	19 062	19 062	19 062	19 062	19 062	19 062	19 062	19 062	19 062	228 746	193 780	203 381
Vote 3 - Corporate		25	25	25	25	25	25	25	25	25	25	25	25	300	210	221
Vote 4 - Community		1 287	1 287	1 287	1 287	1 287	1 287	1 287	1 287	1 287	1 287	1 287	1 287	15 446	16 210	16 855
Vote 5 - Development & Planning		388	388	388	388	388	388	388	388	388	388	388	388	4 662	173	189
Vote 6 - Infrastructure		10 502	10 502	10 502	10 502	10 502	10 502	10 502	10 502	10 502	10 502	10 502	10 502	126 028	116 727	126 004
Total Revenue by Vote		31 288	31 288	31 288	31 288	31 288	31 288	31 288	31 288	31 288	31 288	31 288	31 288	375 461	327 100	346 650
Expenditure by Vote to be appropriated																
Vote 1 - Executive & Council		3 010	3 010	3 010	3 010	3 010	3 010	3 010	3 010	3 010	3 010	3 010	3 010	36 122	37 970	40 174
Vote 2 - Budget & Finance		4 843	4 843	4 843	4 843	4 843	4 843	4 843	4 843	4 843	4 843	4 843	4 843	58 119	59 352	62 767
Vote 3 - Corporate		2 530	2 530	2 530	2 530	2 530	2 530	2 530	2 530	2 530	2 530	2 530	2 530	30 364	32 180	34 394
Vote 4 - Community		2 436	2 436	2 436	2 436	2 436	2 436	2 436	2 436	2 436	2 436	2 436	2 436	29 229	32 921	34 272
Vote 5 - Development & Planning		1 631	1 631	1 631	1 631	1 631	1 631	1 631	1 631	1 631	1 631	1 631	1 631	19 569	16 117	17 198
Vote 6 - Infrastructure		7 040	7 040	7 040	7 040	7 040	7 040	7 040	7 040	7 040	7 040	7 040	7 040	84 477	89 412	94 351
Total Expenditure by Vote		21 490	21 490	21 490	21 490	21 490	21 490	21 490	21 490	21 490	21 490	21 490	21 490	257 881	267 951	283 156
Surplus/(Deficit) before assoc.		9 798	9 798	9 798	9 798	9 798	9 798	9 798	9 798	9 798	9 798	9 798	9 798	117 581	59 149	63 495
Taxation														-	-	-
Attributable to minorities														-	-	-
Share of surplus/ (deficit) of associate														-	-	-
Surplus/(Deficit)	1	9 798	9 798	9 798	9 798	9 798	9 798	9 798	9 798	9 798	9 798	9 798	9 798	117 581	59 149	63 495

Table 21MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand																
Multi-year expenditure to be appropriated	1															
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget & Finance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Development & Planning		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Infrastructure		7 139	7 139	7 139	7 139	7 139	7 139	7 139	7 139	7 139	7 139	7 139	7 139	85 662	23 560	6 711
Capital multi-year expenditure sub-total	2	7 139	7 139	7 139	7 139	7 139	7 139	7 139	7 139	7 139	7 139	7 139	7 139	85 662	23 560	6 711
Single-year expenditure to be appropriated																
Vote 1 - Executive & Council		18	18	18	18	18	18	18	18	18	18	18	23	221	-	-
Vote 2 - Budget & Finance		181	158	158	158	158	158	158	158	158	158	158	410	2 171	-	-
Vote 3 - Corporate		154	154	154	154	154	154	154	154	154	154	154	149	1 843	-	-
Vote 4 - Community		418	418	418	418	418	418	418	418	418	418	418	415	5 013	-	-
Vote 5 - Development & Planning		76	76	76	76	76	76	76	76	76	76	76	79	915	-	-
Vote 6 - Infrastructure		1 813	7 370	7 370	7 370	7 370	7 370	7 370	7 370	7 370	7 370	7 370	(53 761)	21 752	54 473	58 197
Capital single-year expenditure sub-total	2	2 660	8 194	8 194	8 194	8 194	8 194	8 194	8 194	8 194	8 194	8 194	(52 685)	31 915	54 473	58 197
Total Capital Expenditure	2	9 798	15 333	15 333	15 333	15 333	15 333	15 333	15 333	15 333	15 333	15 333	(45 546)	117 577	78 033	64 908

Table 22MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash Receipts By Source															
Property rates	3 073	4 230	4 230	4 230	4 230	4 230	4 230	4 230	4 230	4 230			30 729	32 265	33 899
Property rates - penalties & collection charges	–	–	–	142	142	142	142	–	–	–	–	–	–	–	–
Service charges - electricity revenue	3 458	3 458	3 458	3 458	3 458	3 458	3 458	3 458	3 458	3 458	3 458	3 458	41 500	43 575	45 754
Service charges - refuse revenue	599	599	599	599	599	599	599	599	599	599	599	599	7 190	7 550	7 927
Rental of facilities and equipment	50	50	50	50	50	50	50	50	50	50	50	50	599	597	621
Interest earned - external investments	350	333	333	333	333	333	333	333	333	333	333	333	4 200	4 200	4 410
Interest earned - outstanding debtors	–	–	–	13	13	13	13	162	163	163	–	–	1 943	1 951	1 960
Fines	38	38	38	38	38	38	38	38	38	38	38	38	451	474	496
Licences and permits	225	229	229	229	229	229	229	229	229	229	229	229	2 704	2 839	2 981
Transfer receipts - operational	13 890	22 881	22 881	22 881	22 881	22 881	22 881	22 881	22 881	22 881	22 881	22 881	166 683	120 007	148 059
Other revenue	4 576	4 576	4 576	4 576	4 576	4 576	4 576	4 576	4 576	4 576	4 576	4 576	54 912	35 609	35 635
Cash Receipts by Source	26 260	36 394	36 394	36 548	36 548	36 548	36 548	36 556	36 557	36 557	32 164	32 164	310 912	249 067	281 742
Other Cash Flows by Source															
Transfer receipts - capital	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Contributions recognised - capital & Contributed	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Proceeds on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Short term loans	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Decrease (Increase) in non-current debtors	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivable	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Cash Receipts by Source	26 260	36 394	36 394	36 548	36 548	36 548	36 548	36 556	36 557	36 557	32 164	32 164	310 912	249 067	281 742
Cash Payments by Type															
Employee related costs	7 533	7 409	7 409	7 409	7 409	7 409	7 409	7 409	7 409	7 409	7 409	8 777	90 400	99 583	106 718
Remuneration of councillors	1 431	1 413	1 413	1 413	1 413	1 413	1 413	1 413	1 413	1 413	1 413	1 616	17 177	18 036	19 010
Finance charges	390	–	–	–	–	–	–	–	–	–	–	4 288	4 678	4 945	5 242
Bulk purchases - Electricity	1 172	1 172	1 172	1 172	1 172	1 172	1 172	1 172	1 172	1 172	1 172	1 174	14 066	14 791	15 519
Other materials	2 333	2 333	2 333	2 333	2 333	2 333	2 333	2 333	2 333	2 333	2 333	2 337	28 000	29 400	30 870
Contracted services	1 022	839	839	839	839	839	839	839	839	839	839	2 853	12 265	12 646	13 203
Transfers and grants - other municipalities	1 286	1 352	1 352	1 352	1 352	1 352	1 352	1 352	1 352	1 352	1 352	630	15 437	16 135	17 810
Transfers and grants - other	2 262	2 820	2 820	2 820	2 820	2 820	2 820	2 820	2 820	2 820	2 820	(3 318)	27 144	21 060	20 860
Other expenditure	4 060	5 641	5 641	5 641	5 641	5 641	5 641	5 641	5 641	5 641	5 641	(11 755)	48 714	51 354	53 922
Cash Payments by Type	21 490	22 979	22 979	22 979	22 979	22 979	22 979	22 979	22 979	22 979	22 979	6 601	257 881	267 951	283 156
Other Cash Flows/Payments by Type															
Capital assets												–			
Repayment of borrowing												–			
Other Cash Flow s/Payments												–			
Total Cash Payments by Type	21 490	22 979	22 979	22 979	22 979	22 979	22 979	22 979	22 979	22 979	22 979	6 601	257 881	267 951	283 156
NET INCREASE/(DECREASE) IN CASH HELD	4 769	13 415	13 415	13 569	13 569	13 569	13 569	13 577	13 578	13 578	9 185	25 563	53 031	(18 884)	(1 413)
Cash/cash equivalents at the month/year begin:	102 500	107 269	120 684	134 099	147 669	161 238	174 807	188 377	201 954	215 531	229 110	238 295	102 500	155 531	136 647
Cash/cash equivalents at the month/year end:	107 269	120 684	134 099	147 669	161 238	174 807	188 377	201 954	215 531	229 110	238 295	263 858	155 531	136 647	135 234

2.10 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, there were contracts awarded beyond the medium-term revenue and expenditure framework (three years). List attached:-

Table 57

Description	Ref	Preceding Years	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework			Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Total Contract Value
R thousand	1,3	Total	Original Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Parent Municipality:														
<u>Revenue Obligation By Contract</u>	2													
Contract 1		-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 2		-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 3 etc		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Expenditure Obligation By Contract</u>	2													
Bathokolezeni Trading		1 463	1 630	136										3 229
Umntho Internal Auditors		1 644	1 864	2 050										5 558
Madolo Security Company		2 137	2 351	2 586										7 073
Batebang Batebang Cleaning Waste		1 281	1 509	1 660										
Chiccololo Enterprises		7 395	8 135	8 948										
Total Operating Expenditure Implication		13 920	5 844	4 772	-	-	-	-	-	-	-	-	-	24 536
<u>Capital Expenditure Obligation By Contract</u>	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Parent Expenditure Implication		13 920	5 844	4 772	-	-	-	-	-	-	-	-	-	24 536
Entities:														
<u>Revenue Obligation By Contract</u>	2													
Contract 1		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Contract 2		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Contract 3 etc		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Expenditure Obligation By Contract</u>	2													
Contract 1		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Contract 2		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Contract 3 etc		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Capital Expenditure Obligation By Contract</u>	2													
Contract 1		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Contract 2		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Contract 3 etc		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Entity Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-

2.11 Capital expenditure details

The following two tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 58MBRR SA 34a - Capital expenditure on new assets by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		34 410	30 535	39 511	85 805	83 588	83 588	86 383	54 473	58 197
Infrastructure - Road transport		34 410	30 535	35 295	46 655	68 430	68 430	63 233	54 473	51 586
Roads, Pavements & Bridges		34 128	23 442	34 885	46 655	68 430	68 430	63 233	54 473	51 586
Storm water		283	7 093	410						
Infrastructure - Electricity				4 216	39 150	15 159	15 159	23 150	-	6 611
Generation		464	1 469	4 216	39 150	15 159	15 159	19 300		6 611
Transmission & Reticulation										
Street Lighting								3 850		
Other										
Community		1 031	2 859	7 561	9 310	12 494	12 494	12 170	-	-
Parks & gardens										
Sportsfields & stadia					3 950	7 350	7 350			
Swimming pools						27	27	8 500		
Community halls		1 031	2 859	7 561				3 670		
Libraries										
Recreational facilities										
Fire, safety & emergency					370					
Security and policing					4 990	4 550	4 550			
Buses										
Clinics										
Museums & Art Galleries						60	60			
Cemeteries										
Social rental housing										
Other						506	506			
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other										
Investment properties			-	122	-	-	-	-	-	-
Housing development										
Other		-		122						
Other assets			3 061	13 381	45 897	24 830	24 830	12 713	23 560	6 711
General vehicles		5 220	30	9 856	7 200	7 200	7 200			
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment			78							
Computers - hardware/equipment		579	190	376	600	600	600	11 351	23 560	6 711
Furniture and other office equipment		219	493	68	880	780	780	462		
Abattoirs										
Markets										
Civic Land and Buildings		4 936	179	2 092	13 619	5 250	5 250			
Other Buildings					11 748					
Other Land					11 500	11 000	11 000			
Surplus Assets - (Investment or Inventory)										
Other			2 090	988	350			900		
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class										
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class										
Intangibles		175	42	160	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)		175	42	160						
Total Capital Expenditure on new assets	1	35 616	36 498	60 735	141 013	120 912	120 912	111 265	78 033	64 908

Table 61MBRR SA35 - Future financial implications of the capital budget

Vote Description R thousand	Ref	2014/15 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Present value
Capital expenditure	1							
Vote 1 - Executive & Council		221	–	–				
Vote 2 - Budget & Finance		2 171	–	–				
Vote 3 - Corporate		1 843	–	–				
Vote 4 - Community		5 013	–	–				
Vote 5 - Development & Planning		915	–	–				
Vote 6 - Infrastructure		107 414	78 033	64 908				
<i>List entity summary if applicable</i>								
Total Capital Expenditure		117 577	78 033	64 908	–	–	–	–
Future operational costs by vote	2							
Vote 1 - Executive & Council								
Vote 2 - Budget & Finance								
Vote 3 - Corporate								
Vote 4 - Community								
Vote 5 - Development & Planning								
Vote 6 - Infrastructure								
Total future operational costs		–	–	–	–	–	–	–
Future revenue by source	3							
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
Total future revenue		–	–	–	–	–	–	–
Net Financial Implications		117 577	78 033	64 908	–	–	–	–

2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed three interns undergoing training in various divisions of the Financial Services Department.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a Final stage and will be finalised after approval of the 2014/2015 MTREF in May 2014 directly aligned and informed by the 2014/15 MTREF.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. MFMA Training

The MFMA training module in electronic format is presented at the Municipality's internal centre and training is on-going.

8. Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009 was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

2.14 Other supporting documents

Table 23MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates	3010	12 776	13 235	15 501	27 040	42 298	42 298	42 298	30 729	32 265	33 899
less Revenue Foregone											
Net Property Rates		12 776	13 235	15 501	27 040	42 298	42 298	42 298	30 729	32 265	33 899
Service charges - electricity revenue											
Total Service charges - electricity revenue	6										
less Revenue Foregone	3061	25 838	32 489	33 912	42 966	42 966	42 966	42 966	41 500	43 575	45 754
Net Service charges - electricity revenue		25 838	32 489	33 912	42 966	42 966	42 966	42 966	41 500	43 575	45 754
Service charges - refuse revenue											
Total refuse removal revenue	6										
Total landfill revenue	3060	5 743	5 773	6 411	6 848	6 848	6 848	6 848	7 190	7 550	7 927
less Revenue Foregone											
Net Service charges - refuse revenue		5 743	5 773	6 411	6 848	6 848	6 848	6 848	7 190	7 550	7 927
Other Revenue by source											
List other revenue by source	3510	1 397	794	5 296	59 955	65 047	65 047	65 047	54 911	35 609	35 635
Total 'Other' Revenue	1	1 397	794	5 296	59 955	65 047	65 047	65 047	54 911	35 609	35 635
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	4010	29 305	34 762	44 210	60 456	60 456	60 456	60 456	70 316	78 068	82 914
Pension and UIF Contributions	4210	4 128	3 968	5 744	7 808	7 808	7 808	7 808	7 877	8 370	9 943
Medical Aid Contributions	4070	685	840	2 950	2 568	2 568	2 568	2 568	5 825	6 291	6 766
Overtime	4040	1 297	1 163	840	638	638	638	638	1 040	1 123	1 330
Performance Bonus	4030	–	–	1 478	2 011	2 011	2 011	2 011	1 700	1 903	2 055
Motor Vehicle Allowance	4061	1 606	1 699	165	1 650	1 650	1 650	1 650	1 380	1 903	2 055
Cellphone Allowance	4065			164	308	308	308	308	73	79	83
Housing Allowances	4060	242	438	1 145	748	748	748	748	748	331	343
Other benefits and allowances	4066	507	676	672	308	308	308	308	1 441	1 515	1 230
Payments in lieu of leave				–	–		–				
Long service awards				–	–						
Post-retirement benefit obligations	4		2 883	–	–						
sub-total	5	37 770	46 429	57 368	76 493	76 493	76 493	76 493	90 400	99 583	106 718
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	37 770	46 429	57 368	76 493	76 493	76 493	76 493	90 400	99 583	106 718
Contributions recognised - capital											
List contributions by contract											
Total Contributions recognised - capital		–	–	–	–	–	–	–	–	–	–
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment	4570	14 709	15 905	17 084	9 831	13 053	13 053	9 831	14 066	14 791	15 519
Lease amortisation											

Description	Ref	Vote 1 - Executive & Council	Vote 2 - Budget & Finance	Vote 3 - Corporate	Vote 4 - Community	Vote 5 - Development & Planning	Vote 6 - Infrastructur e	Vote 7 - [NAME OF VOTE 7]	Vote 8 - [NAME OF VOTE 8]	Vote 9 - [NAME OF VOTE 9]	Vote 10 - [NAME OF VOTE 10]	Vote 11 - [NAME OF VOTE 11]	Vote 12 - [NAME OF VOTE 12]	Vote 13 - [NAME OF VOTE 13]	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
R thousand	1																
Revenue By Source																	
Property rates			30 729														30 729
Property rates - penalties & collection charges			-														-
Service charges - electricity revenue							41 500										41 500
Service charges - water revenue																	-
Service charges - sanitation revenue																	-
Service charges - refuse revenue					7 190												7 190
Service charges - other																	-
Rental of facilities and equipment					599												599
Interest earned - external investments			4 200														4 200
Interest earned - outstanding debtors			1 785														1 943
Dividends received																	-
Fines					451												451
Licences and permits					2 704												2 704
Agency services																	-
Other revenue			53 660		920	65	305										54 949
Transfers recognised - operational	150		138 513	300	4 157	4 597	83 347										231 064
Gains on disposal of PPE																	-
Total Revenue (excluding capital transfers and contributions)		150	228 887	300	16 022	4 662	125 310	-	-	-	-	-	-	-	-	-	375 331
Expenditure By Type																	
Employee related costs		8 952	13 319	18 508	12 879	7 609	23 680										84 947
Remuneration of councillors		17 177															17 177
Debt impairment			4 678														4 678
Depreciation & asset impairment		223	200	906	386	91	12 259										14 066
Finance charges																	-
Bulk purchases							28 000										28 000
Other materials			2 370		385	280	7 041										10 076
Contracted services			3 289	4 445	8 389		100										16 224
Transfers and grants		150	7 534		6 357	4 597	6 288										24 926
Other expenditure		10 075	27 601	7 241	1 545	6 193	5 002										57 656
Loss on disposal of PPE																	-
Total Expenditure		36 578	58 991	31 101	29 942	18 770	82 369	-	-	-	-	-	-	-	-	-	257 751
Surplus/(Deficit)		(36 428)	169 896	(30 801)	(13 920)	(14 108)	42 941	-	-	-	-	-	-	-	-	-	117 580
Transfers recognised - capital																	-
Contributions recognised - capital																	-
Contributed assets																	-
Surplus/(Deficit) after capital transfers & contributions		(36 428)	169 896	(30 801)	(13 920)	(14 108)	42 941	-	-	-	-	-	-	-	-	-	117 580

Table 24MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
ASSETS											
Call investment deposits											
Call deposits < 90 days	2	79 061	102 500	77 235	77 235	77 235	77 235	77 235	93 719	93 719	93 719
Other current investments > 90 days				6 989	6 989	6 989	6 989	6 989	-	-	-
Total Call investment deposits			79 061	102 500	84 224	84 224	84 224	84 224	84 224	93 719	93 719
Consumer debtors											
Consumer debtors	2	6 270	5 507	10 971	10 971	10 971	10 971	10 971	29 969	32 966	37 911
Less: Provision for debt impairment									(18 998)		
Total Consumer debtors			6 270	5 507	10 971	10 971	10 971	10 971	10 971	32 966	37 911
Debt impairment provision											
Balance at the beginning of the year											
Contributions to the provision											
Bad debts written off											
Balance at end of year		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)	3	364 737	382 349	421 234	421 234	421 234	421 234	421 234	529 453	533 513	601 474
Leases recognised as PPE											
Less: Accumulated depreciation											
Total Property, plant and equipment (PPE)	2	364 737	382 349	421 234	421 234	421 234	421 234	421 234	529 453	533 513	601 474
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities											
Total Current liabilities - Borrowing		-	-	-	-	-	-	-	-	-	-
Trade and other payables											
Trade and other creditors	2	15 205	14 028	11 987	11 987	11 987	11 987	11 987	8 500	9 350	10 285
Unspent conditional transfers			19 596	23 779	16 227	16 227	16 227	16 227	12 582	13 840	15 224
VAT											
Total Trade and other payables		34 801	37 807	28 214	28 214	28 214	28 214	28 214	21 082	23 190	25 509
Non current liabilities - Borrowing											
Borrowing	4	16									
Finance leases (including PPP asset element)			18								
Total Non current liabilities - Borrowing			34	-	-	-	-	-	-	-	-
Provisions - non-current											
Retirement benefits		2 750	5 107	5 947					6 720	7 392	8 131
List other major provision items											
Refuse landfill site rehabilitation		5 807	6 651	10 970	10 970	10 970	10 970	10 970	12 800	14 080	15 488
Other											
Total Provisions - non-current		8 557	11 758	16 916	10 970	10 970	10 970	10 970	19 520	21 472	23 619
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance			430 192	465 981	288 789	288 789	288 789	294 226	432 801	491 233	550 382
GRAP adjustments											
Restated balance		-	430 192	465 981	288 789	288 789	288 789	294 226	432 801	491 233	550 382
Surplus/(Deficit)		42 163	35 079	(33 180)	144 011	144 011	144 011	138 574	117 581	59 149	63 495

Table 65MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2010/11	2011/12	2012/13	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population		Stats SA	16	267	204	267	267	267	307	353	353	353
Females aged 5 - 14		Stats SA		44		44	44	44	51	58	58	58
Males aged 5 - 14		Stats SA		36		36	36	36	42	48	48	48
Females aged 15 - 34		Stats SA		44		44	44	44	51	59	59	59
Males aged 15 - 34		Stats SA		36		36	36	36	42	48	48	48
Unemployment		Stats SA		12		12	12	12	12	12	12	12
Monthly household income (no. of households)	1, 12	Indigent Policy										
No income							19 053	19 053	21 911	25 198	25 198	25 198
R1 - R1 600							5 746	5 746	6 608	7 599	7 599	7 599
R1 601 - R3 200							12 272	12 272	14 133	16 230	16 230	16 230
R3 201 - R6 400												
Poverty profiles (no. of households)												
< R2 060 per household per month	13											
Insert description	2											
Household/demographics (000)												
Number of people in municipal area			16 226	440 166	203 843	440 166	440 166	440 166	505 000	578 000	578 000	578 000
Housing statistics	3											
Formal												
Total number of households			-	-	-	-	-	-	-	-	-	-
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings			-	-	-	-	-	-	-	-	-	-
Economic	6											
Inflation/inflation outlook (CPIX)												
Interest rate - borrowing												
Interest rate - investment												
Remuneration increases												
Consumption growth (electricity)												
Consumption growth (water)												
Collection rates	7											
Property tax/service charges												
Rental of facilities & equipment												
Interest - external investments												
Interest - debtors												
Revenue from agency services												